

SEPTEMBER 1947

"... Widen the Area of
Free Enterprise ..."

— WINTHROP W. ALDRICH

(page 25)



Outlook Issue

*How to Balance
U. S. Trade*

by

Paul Einzig

Specialists in

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Securities**

**State and Municipal
Bonds**

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BANKING

JOURNAL OF THE AMERICAN BANKERS ASSOCIATION



COURTESY OF THE NEW YORK SUN

When A.B.A. President Bailey selected Winthrop Aldrich to be one of the principal speakers at the Annual Convention in Atlantic City he made it possible for the bankers of the country to hear about the problems of the world from a man who thinks in world terms. (See page 25.)

This cover picture shows Mr. Aldrich "on deck." He has made four trips abroad since the war, three to Europe and one to the Caribbean and South America

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FIRST IMPRESSIONS

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THE WAVY LINES ARE A LA MONTE TRADE-MARK ©

Just a minute

Outlook

SEPTEMBER brings the Outlook Issue of BANKING. At the threshold of each American Bankers Association convention (the 1947 meeting is in Atlantic City, September 28—October 1) we endeavor to fix our sights on the coming Association year and to assay, with the able assistance of competent observers, its prospects.

In the current number you'll find articles on the general business outlook; world trade, with particular emphasis on Uncle Sam's lop-sided balance and what can be done about it; loans to small business; a Washington roundup; the World Bank; the Far Eastern situation and its effect on American interests; investments—in short, a highly informative survey of the domestic and foreign problems that seem likely to be of most importance to bankers.

Of special interest to members of the Association is the story on the Atlantic City convention program which brings to a close President Bill Bailey's highly successful administration of A.B.A. affairs. The list of speakers at this 73rd annual meeting of the membership is imposing. It includes A. Lee M. Wiggins, Under-Secretary of the Treasury, who was president of the Association

during the year 1943-44; and Winthrop Aldrich, chairman of the Chase National Bank, New York.

Returned Items

THIS one comes from Bruce McLeran, publicity director of The Denver National Bank:

The other day an elderly lady approached the bank's cash item department and asked if her gloves had been turned in there.

Told to inquire at the information desk, she indignantly asked, "Why does this sign say 'Returned Items' if this isn't the place to ask for lost articles?"

Barkin'

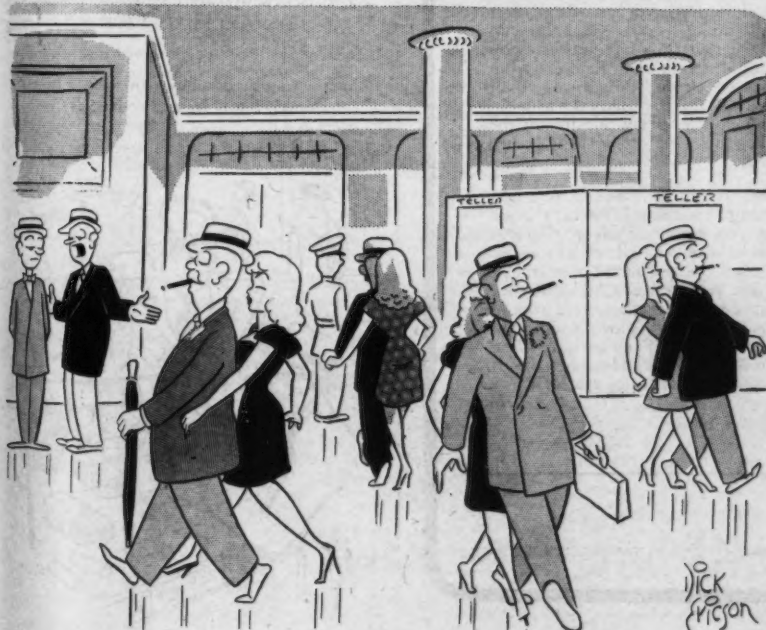
THE sandy-haired man in the white suit, standing behind a flat desk at the end of the little room, was CALVIN COOLIDGE, President of the United States.

Through the open windows of the cottage that served as the Summer White House executive offices at Paul Smith's, New York, an Adirondack lake glistened; beyond it were blue mountains and the trout stream which Mr. COOLIDGE would investigate later that day.

The business at hand was the semi-weekly press conference, and the newsmen waited expectantly as the President took up the sheaf of papers on which they had written the questions they hoped he'd answer.

At Mr. COOLIDGE's right, Rob Roy,

"It's common knowledge that behind every successful man there's a woman"



September 1947

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SPENCER TO PALMER TO SCRAWLER

Not to be confused with the famous baseball combination "Tinker to Evers to Chance," our heading this month deals with the more academic subject of handwriting. From the beautiful Spencerian hand of the eighties, and the very legible Palmer method introduced at the turn of the century, to the careless scrawl of today, represents a deterioration in penmanship which is countrywide. Truly we have become a "nation of scrawlers."

Nevertheless, people still have to read what is written and, despite the fact that printed and typed communications make up the bulk of what they read, certain things such as signatures on bank checks must be written by hand and most of them defy the decoders. The courteous businessman has his name typed below his signature on the letters he writes and the courteous depositor has his name printed on the checks he signs. We applaud the practice.

Further, with the cooperation of several thousand banks, we are popularizing these courteous bank checks and their use is growing at an accelerated pace. In 1938 we handled one thousand orders, but this year we will go over a million so we are encouraged to believe that they have at last won national acceptance. Bankers from coast to coast are selling them to their customers, thereby taking the pain out of illegibility to say nothing of the money they save or the people they please.

What about your bank? Are you pushing Personalized Checks? Can we help you with our advertising? Is there anything at all we can do to stimulate the program? Remember, DeLuxe Personalized Checks are a lot cheaper now than they were back in 1938. Everyone likes them and it's fun to sell them. So, if you are not selling them in your bank, why not write us for some effective sales material?

DeLuxe
CHECK PRINTERS

Manufacturing Plants at:

NEW YORK, CLEVELAND, CHICAGO, KANSAS CITY, ST. PAUL

one of the photogenic presidential collies, sat surveying the scene as the President, putting on tortoise-shell glasses, read the first question and began his carefully phrased answer. The reporters busily jotted down the notes that soon would be stories on that afternoon's front pages.

Rob Roy yawned; then he yapped. Perhaps he was bored; perhaps he was annoyed because the fishing expedition had been delayed by this call to duty; maybe he saw a red squirrel on a big white pine just outside a window.

Anyway, Mr. COOLIDGE stopped making news. Removing his glasses he turned to the dog and said, "Be quiet."

The collie, looking at his master, apparently decided that the command had not been given in earnest, for he spoke again. This time it was a real bark—in fact, a succession of barks.

The President of the United States put down his papers, faced the dog squarely.

"Stop that!" he directed in clipped Vermont monosyllables. "If there's any barkin' to be done here, I'll do it!"

The nub of this little anecdote (as we recall, none of the reporters published it) is: Do your own barkin'.

But—bark neither too loud nor too long. The proper measurement of both intensity and duration is a neat trick. However, it's not too hard to learn, provided you know a little about the gentle art of publicity. More about that in the next paragraph.

"I Was a Newspaper Man Myself"

SOME bankers are in that category, and if you're one of them you may want to
(CONTINUED ON PAGE 6)

"Once a month he comes in, closes his account, counts it, and redeposits"



BANKING

Let's Wake Up Rip Van Winkle!

Millions of bushels of food may rot in our fields this harvest time, instead of being available to the world's markets—because we are short of freight cars. Here is a way that thousands of cars can be freed for service in a hurry.

ARE you interested in the price of food? Does it give you a twinge to see those pictures of mountains of wheat piled on the ground and potatoes going to rot—when there's a desperate world food crisis?

The bottle-neck is our freight-car shortage. But thousands of cars could be freed by a single decision—if old-line railroad managements would act.

Don't Blame the War!

This is hard to believe, but it's true: we have today only three-fourths as many freight cars in our country as we had twenty years ago. This shrunken fleet is now called on to handle the greatest peacetime traffic in history. And the war itself is not to blame for the shortage—for in no single year from 1925 to the start of hostilities did the railroad industry buy as many cars as it junked. Twenty years is a long time for even Rip Van Winkle to sleep!

What Can Be Done?

There is at least one remedy that can be applied at once—despite the steel shortage and other difficulties in car-building. This remedy requires no new equipment, no period of time—nothing but an act of management:

Lift what appear to be agreements between railroads that deliberately slow down freight trains!

Here is an example. There are eight important routes by which you can ship "fast" freight from California to Chicago. These routes vary in length as much as 450 miles. But, curiously, the time schedule for each of the eight is exactly 118 hours—and 30 minutes!

Similarly, scheduled freight trains moving west over the important routes from Chicago to the Coast areas, despite great differences in terrain and mileage, take exactly 130 hours—on the nose!

Is This Free Competition?

Could it be that these schedules are fixed by agreement? That the trains



Are old-line managements asleep in the dell while many freight trains creep at a snail's pace—by agreement?

which could be fastest are held back for the slowest—so that no road can have even the slightest competitive advantage?

Railroad men know that, in many instances, a whole day could be cut off these schedules between California and Chicago—if managements would simply order it. If that were done, on these roads and on others, it would ease the national car shortage at once!

There is good reason to believe that by lifting deliberate freight slowdowns, on the roads that still practice them, we could provide more cars this summer and fall than our shops can possibly build. And every car is desperately needed!

A Call For Action!

The next few weeks will be the critical ones in our food problem. Our wheat crop is estimated to exceed any previous record by 300 million bushels. It is even now being piled in the fields—for want of cars.

If you feel as strongly about this as the C&O does, write to your newspaper and your congressman.

Ask them to stir up Rip Van Winkle—and tell him that time is short. Demand that our trains be scheduled not merely to suit the private deals of the railroads, but so that we can make the best use, for the whole public, of our depleted stock of freight cars!

The Chesapeake and Ohio Railway

Terminal Tower, Cleveland 1, Ohio

MARSH & McLENNAN

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Buffalo	Cleveland	Columbus	Indianapolis
Milwaukee	Duluth	St. Paul	St. Louis
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Here are six sound reasons why every month an increasing number of important banks are installing the modern ThriftyCheck system.

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2. Its speed and economy in internal operations greatly reduces costs.
3. ThriftyCheck's special advantages attract many new customers and assure profitable account volume.
4. ThriftyCheck's strongest sales feature appeals forcibly to the public — the imprinting of the depositor's name on every check, and immediate delivery of the checkbook.
5. Account mortality is reduced by the customer's appreciation of ThriftyCheck features.
6. ThriftyCheck's popularity builds good will and develops new business for other departments.

New ThriftyCheck Brochure Sent on Request

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JUST A MINUTE—Cont.



"Lend me \$5 before you go, dear. I'll pay it back as soon as you make a deposit to my account"

skip "The 5 W's of News in Your Bank" (page 43), unless you're in a capacious mood and want to pick flaws.

The article is intended to help bankers find the news in their banks and to suggest how it can be presented to the newspapers. We have not attempted to provide a short course in journalism, but we hope our effort will stimulate thought along publicity lines and provide a few practical, time-tested suggestions.

After all, constructive publicity is an indispensable tool of business these days, and if your bank is one of the thousands without a public relations or advertising department, perhaps you'll get an idea or two from our story.

"How to Balance U. S. Trade"

UNDER that title we publish a somewhat provocative article by Dr. PAUL EINZIG, the distinguished British economist and writer who is widely read in this country and abroad.

Dr. EINZIG says our big export surplus is and will long continue to be the No. 1 problem of world economy. Pointing out that a balance cannot, in all probability, be attained for many years, he believes we must aim at a reasonable balance after the end of the immediate reconstruction period.

The lowering of our tariff wall, he suggests, would help some, but the chances are that other countries would do likewise. So "the only way in which it would be possible to reduce and keep down the American export surplus

(CONTINUED ON PAGE 11)



For *PROMPT ACTION*

Bankers in New England, and throughout the nation, know that they can count on prompt action and effective results when they call on the Shawmut for assistance in any transaction.

Through 111 years of "Outstanding Strength," this bank has maintained close touch with business and financial trends in New England and throughout the nation. No matter how difficult or unusual an assignment may be, correspondent banks find the Shawmut able and *willing* to "follow through" quickly and efficiently.

We shall welcome the opportunity of discussing your requirements with you.

"Outstanding Strength" for 111 Years

The National
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40 Water Street, Boston

Member Federal Deposit Insurance Corporation

CAPITAL \$10,000,000

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Who said:

■ Consider our record in the St. Louis area:

■ Our pre-war contracts included:

At one time or another we've worked with fifty-three of the sixty-two banks in the St. Louis area. We're proud of the recognition we've won here in our own back yard. For we realize that friends and neighbors are a man's...or a company's...most severe critics. The confidence in our ability, that they have shown, has spurred us on to unchallenged leadership in the bank-building field today! To date, we've completed a contract every ten days for more than thirty-five years.

Since V-E day alone—261 banks selected us to design their new quarters!

■ Our post-war contracts include:


Since the end of the war, eight banks in greater St. Louis have undertaken new quarters projects. These are now in various stages of completion. *All* of them selected our organization to execute the work!

"a prophet is without honor in his own community!"

Our record is ample proof that this axiom is not always true. Look to the left! Read the story of this firm's acceptance in its own community, where frequently "a prophet is without honor". Our record, in our home vicinity alone, includes completed projects for fifty-three of the sixty-two local banks! During the past thirty-five years, several of them have called on us as many as four times to rejuvenate their banking quarters. These banks, right here in our own home town, have had many opportunities to study us at close-hand, evaluate our operation. Apparently we measure up to our claims, since, as expansion programs require new or modernized quarters, we are called back again and again!

*America's most experienced
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If you did the cleaning...

You'd be sure to get the most efficient vacuum cleaner on the market.

Perhaps—out of consideration for the person who does your housecleaning—you've already made sure she has the best!



If you did the typing...

You'd insist on the best all-round typewriter that ever responded to a typist's touch.

But then—perhaps you've already seen to it that your secretarial staff has Royal Typewriters!



Royal wins hands down!

Popularity! A national survey shows that Royal is the favorite typewriter among secretaries and typists—*preferred 2 to 1 over any other typewriter!* Your typists will do more work, better work on machines they prefer to use!

Royal efficiency! There are work-saving, time-saving features on a Royal not found on any other typewriter. Meaning—higher production per machine!

Royal durability! These typewriters are *really* sturdy. Royals stand up, spend more time on the job, less time out for repairs. With Royal, you get the maximum return for your typewriter investment!

ROYAL ~ *World's No. 1 Typewriter*

JUST A MINUTE—Cont.

would be through the accumulation of large reserves of strategic materials by the United States." By this means "a large part of the surplus could be offset without having to curtail exports too drastically."

The article is an elaboration of this thesis. Dr. EINZIG admits that the United States could not go on piling up commodity reserves indefinitely. "But by the time the saturation point is reached the progress of reconstruction would enable other countries to cut their American purchases or to increase their exports sufficiently to be able to afford to continue to buy American goods on a large scale."

The Bank

EUGENE R. BLACK, the banker who is American executive director of the International Bank for Reconstruction and Development, contributes, through the medium of an interview with HERBERT BRATTER, an analysis of the bank's role in the postwar development of foreign countries.

The big institution will, Mr. BLACK believes, avoid the errors of the past because the reasons for those errors are now understood and because the international composition of the bank's staff brings, as Mr. BRATTER points out, "the experience of many other countries" to its new manner of lending.

In establishing its loan policies the bank, says Mr. BLACK, "is determined to go much deeper than correcting the more glaring errors of the carefree lending period of the 1920's."

"It's just that I got so used to working in cages"



September 1947

Save time with this California-wide direct routing service

Correspondents save valuable time by sending cash letters directly to any of Bank of America's branches which are located in more than 300 cities and towns of California. This quick presentation through direct routing results in early availabilities of funds.

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California's Statewide Bank

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SCHOOL SAVINGS HEADQUARTERS



"Surely we can save on something besides ammunition!"

"It is studying national economies from the standpoint of correcting basic imbalances and with due regard to the economies of neighboring countries, whether or not they happen to be members of the bank."

The interview, "The World Bank Looks Before It Lends," starts on page 39.

The Steel Standard

WRITING in the September issue of *Steelways*, P. J. HEBARD, assistant vice-president of the Continental Bank & Trust Company of New York, takes a close look at steel and comes up with the interesting conclusion—inevitable, it seems to him—that "the American dollar today is backed by steel."

"A revolutionary concept?" he asks. "Probably. Up to now, so far as I know, nobody has ever suggested that the currency of this republic is on a steel standard. Yet, look at the facts."

"Without steel our modern civilization could not exist. That can be categorically stated. Steel is the framework of the Machine Age..."

"All of us who invested in the national debt during the war had our War Bonds converted into steel, or into goods and services which involved the use of steel in some way..."

"Even with a debt of more than \$250 billion, our Government still has sound credit because our productivity still is growing. It is growing because of our constantly increasing development of a machine economy...based on steel."

(CONTINUED ON PAGE 14)

The Financial Needs of
Local **PUBLIC UTILITIES**
are **EXPANDING**

... Are banking services keeping pace?

... Are banking services keeping pace?

"Banking Aids to Public Utilities" has received so many favorable comments that we are repeating this offer to send you a complimentary copy. Describing Irving's specialized facilities, it may also suggest opportunities of mutual advantage.

At the Irving, we have found this type of banking service highly specialized—and often posing unusual problems. We have a Public Utilities Division under the direction of a Vice President who has been a top executive in public utility companies for over thirty years.

Perhaps this Irving Division can be of assistance to you in your handling of this increasingly important banking function.

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★ ★

CREDIT LOSSES ARE CLIMBING



This is *No time for your Customers*
to gamble **with their receivables**

Sound banking judgment tells you that your customers' accounts receivable are important assets *at all times* . . . subject to risk *at all times* . . . should be protected *at all times*. Today credit losses are climbing and no one knows how far this trend will go. *It's time to watch your customers' receivables.*

Look at their statements. A large percentage of their working capital is represented by their accounts receivable. This is not the time to gamble. This is the time to be sure that their working capital is protected . . . that no jump in credit losses would wipe out their profits.

That's why many banks now advise customers to carry American Credit Insurance . . . which **GUARANTEES PAYMENT** of their accounts receivable for goods

shipped . . . pays them when *their* customers can't. Some banks insist on this added protection in granting commercial loans . . . and the bank may now be included as a named assured without charge.

Send for facts on credit loss control. Knowing the facts about American Credit Insurance and Credit Loss Control may mean the difference between profit and loss for some of your customers . . . in the months and years of uncertainty that lie ahead. Write today for full information. American Credit Indemnity Company of New York, Dept. 45, Baltimore 2, Md.

J. T. Fadden
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**Guarantees Payment
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JUST A MINUTE—Cont.

He Took It . . . and the Jackpot Too!

Not long ago on the radio program "Take It or Leave It" one of the contestants, JOHN BORTI, said he worked for "the best bank in America."

"And pray what's that?" asked PAUL BAKER who runs the show. Mr. BORTI said it was the Bank of America, and that he was assistant cashier at a Hollywood branch.

"Do you pay out the money or take it in?" was the next question. Mr. BORTI replied that he did neither—he worked in the loan department.

Subsequent events showed that regardless of the contestant's job in the bank he was taking in money that night. Not only did he answer the \$64 question but he also carried off the \$961 jackpot for providing the first correct reply to "Who wrote Poor Richard's Almanac?"

Mr. BORTI said the \$1,025 would help him buy a house.

Far East Closeup


EARLY this Summer BERNARD G. DAVIS, president of Ziff-Davis Publishing Company, made a 10-week air tour of the Far East, surveying the future possibilities for American business.

His findings are in **BANKING** this month. From the businessman's viewpoint, they are not especially optimistic. "The Open Door in China," he reports, "is closing," and the security of "any American industrial or economic future" in the Philippines "is certainly open to question."

JOHN L. COOLEY

"It's baseball, sir—coming over the wired music circuit!"





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A Hobby in Old Checks

R. R. McGUIRE

WILLIAM T. A. DURAND, veteran teller at the Lincoln Rochester Trust Company of Rochester, N. Y., has a banker's hobby. He collects checks.

"I didn't choose this hobby," Mr. Durand confessed to a representative of **BANKING**. "It was forced upon me."

It seems that this converted hobbyist is one organization historian who takes his duties seriously. During his early years as historian of the local chapter, American Institute of Banking, Mr. Durand correlated 100 years of the city's banking development, a research job which had not been tackled by any historical unit.

After the completed survey was published in the local newspapers, Mr. Durand began receiving old checks, passbooks, and other historical material as evidence of the existence of some of the early banks whose origin and development he had charted. Eventually this material accumulated to the point where the teller-historian had a collection of real value, as well as a major personal hobby to pursue during his hours away from the new accounts desk of the Rochester Trust.

That was 15 years ago. Today the hobby which adopted a man is still going strong. Twelve scrapbooks of banking memorabilia have accumu-

lated in Mr. Durand's home. Displays from the collection are expected to win at least one prize in the annual Rochester Hobby Show—Mr. Durand has won special honors the past two years. Checks from the collection have been used in bank displays and illustrations. The mystery of a "phantom" local bank has been solved.

Mr. Durand has confined his collecting to material on local banks and local banking history. Originally he started out to obtain a specimen check for each of the 90 banks and private banking enterprises which have operated in Rochester. This proved a sizable project and is still unfinished. A decade of serious collecting, for example, has yielded check samples for only 24 of the 26 banks which have gone into the making of Mr. Durand's own institution, the Lincoln Rochester Trust Company.

"Surprisingly enough, it's a difficult job to obtain old checks," the check collector explained. "Prior to the National Bank Act of 1863, banks didn't issue many checks. And few people have preserved cancelled checks among their old possessions. Consequently any check dated prior to 1863 is a rarity. There are some banks which have operated in Rochester whose checks I've never seen."

Mr. Durand does have checks drawn on the first two commercial banks in Rochester—the Bank of Rochester and the Bank of Monroe. The oldest check he has is one for \$250, drawn on the cashier of the Bank of Monroe and dated June 9, 1835. This is a printed check, closely resembling modern checks in form, except for some engraving on the side, a custom prevalent in that period.

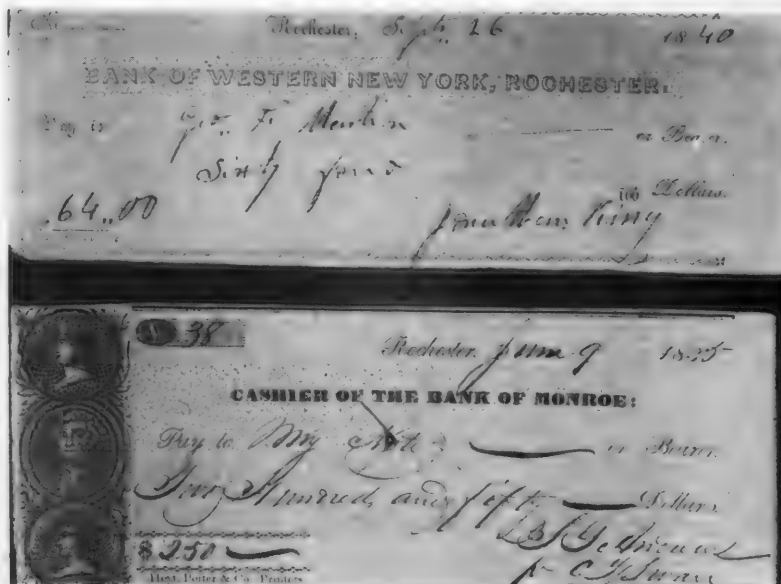
The Rochesterian's historical probing, combined with his check collecting activities, enabled him to be of assistance to William H. Dillistin in the preparation of the local section of the "Historical Directory of the Banks of the State of New York," published in 1946 by the New York State Bankers Association.

A Mystery Solved

BANKING figured in the solution of the Rochester Canal Bank "mystery," which highlighted Mr. Durand's experiences as an old check sleuth. Banknotes, purportedly issued by the Rochester Canal Bank, kept turning up locally despite the fact that no record of a bank by that name could be found in local directories, histories, and other official records. Consequently such notes became regarded as of "wildcat" or "stump tail" origin.

Not satisfied with this explanation, Mr. Durand appealed for information in a contribution to the January 1943 issue of **BANKING**. This brought the matter to the attention of G. R. Dorman, deputy superintendent of the New York State Banking Department. Mr. Dorman checked the files of his department and found certified copies of certificates of organization for the Canal Bank of Rochester and the Rochester Canal Bank. He concluded, and Mr. Durand supported the view, that the Canal Bank of Rochester, founded November 20, 1839, was the only functioning bank of the two, and that "in printing or engraving its notes, an error was made in the corporate title of the bank, which resulted in the filing of another certificate to confirm such title, this procedure probably being quicker and less expensive than the preparation of new plates and the printing of new bills." The old banknotes, therefore, were the sole local record of this "phantom" bank.

Two of the oldest checks from the Durand collection





Mr. Durand

The opportunity to ferret out such mysteries occurs rarely in the life of a check collector, but at the drop of a passbook, Mr. Durand will give anyone several good reasons for pursuing his unusual hobby. Check collecting, he will tell you, has:

(1) Historical value—"I'm making my collection for the sole purpose of turning it over to one of the repositories for such information."

(2) Service to financial institutions—"Some banks like to use old checks for special displays, or for a graphic illustration of the institution's development. Also, you'd be surprised how keenly interested bank executives can become in a collection of old checks."

(3) Educational values—"This hobby takes the dryness out of banking routine and enhances the study of banking practices. There's a lot of romance and drama in an old check."

(4) Excitement—"Running down a rare check which you don't have is far better than reading whodunits."

How does one go about collecting checks? According to Mr. Durand, this is no problem. "Just let enough people know what you're doing, and they'll seek you out," he said, pointing to his own experience. "Lawyers closing out old estates are very helpful. Former bankers and private individuals who have interesting old checks are usually glad to turn them over to a collector who has a historical purpose back of his hobby."

Check collecting can lead into other avenues. Mr. Durand's collection now includes old passbooks, certificates of deposit, promissory notes, bank stock certificates of discontinued banks and several phony state bank notes. Each of these items would make a collecting specialty by itself.

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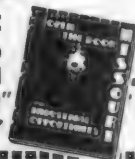


Among the many industries which have located manufacturing plants in Missouri in recent months is the BONE-DRY SHOE MANUFACTURING CO. of Tacoma, Wash., maker of work, sport and outdoor shoes. This company has established a plant at Neosho, Mo., and is well satisfied with the advantages the state has offered. This company lists these specific reasons for choosing its Missouri site:

- Central location affords prompt shipment to or from any part of the country.
- Missouri's tax structure is favorable.
- Regulations governing out-of-state corporations operating in Missouri are reasonable and fair.
- Intelligent and cooperative help is available.

Missouri does not have everything, but to many specific industries it offers very distinct advantages for profitable, efficient operation. Perhaps Missouri has the answer to your plant location problems. It's worth looking into.

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STOP in at the bank on your way to Nursery School, Jackie, and drink a big cup of orange juice. You know you *must* have those vitamins every day!" We don't know whether this particular mother really gives her little five-year-old these instructions, but we *do* know that her little boy comes in every morning on his way to kindergarten, to drink, with every evidence of enjoyment, two or three cups of the citrus juice we recently began serving gratis to all comers in our lobby.



These hot summer days, ice-cold orange or grapefruit juice, a blend of both, or perhaps a long, cool drink of golden tangerine juice, is mighty refreshing; and we applaud the wisdom of our little schoolboy in not missing out on it. Every morning the big cooler is filled up with some variety of citrus juice and all day long it is surrounded by customers. Our air-conditioned lobby has been popular for a number of years as a meeting place; now even more people seem to find it attractive and few of them pass the cooler without a "pause that refreshes."

There's a three-fold purpose behind this unusual bank procedure. It helps people who have always insisted on fresh fruit juice to get acquainted with the fact that the canned product is really delightful, and does away with much of the old-fashioned prejudice that has existed against it in the past. It bolsters the sales of juice, and that, in turn, helps the grower and everyone in the citrus industry—growers, packers, shippers and canners alike. And when the citrus industry is benefited in a section where it is one of the chief sources of income, it helps every businessman in the

community. Lastly, it is just good old plain hospitality!

In our lobby we have a display of some seven or eight varieties of canned juice, together with stacks of cases topped with the sign, "Buy it by the case." An old-fashioned clock on the wall bears the slogan "The Correct Time to Drink Citrus Juice Is *Anytime*." It's a serve yourself proposition and there is no expense for service except the paper cups provided.

Some of the Ladies' Aid Societies of our community have suggested that our cool lobby might be a good place in



which to hold meetings. They could bring cookies with them and serve them with cups of the orange or other fruit juice provided by the bank—and there would be no "cleaning up" to do afterwards. We don't know what day the Girl Scouts will come marching in their green uniforms to sell sandwiches to our customers, that they may enjoy a complete lunch.

Grocers report they are having calls for the brands of fruit juice served in our lobby, and canners, who formerly sold to jobbers in the north exclusively, in large quantities only, now are preparing to make their products available to the folks who produced the fruit which they have processed. Until we started serving this canned juice, it is doubtful if one family in 50 in this fruit-growing section had ever tasted it.

We decided to try this free juice proposition for 60 days and see what the reaction would be. The result was that we have decided that it is to be a year-round public relations effort—and a much more far-reaching one, in its results, than most public relations activities, since it affects, either directly or indirectly, every person in the community.



How easily good loans get wiped out!

Losses are reported every day that your borrowers would never expect

Police Records are full of business tragedies. And when they involve a borrower's money, securities or property, an unexpected loss could seriously affect the credit you have extended.

★ ★ ★

When you consider a business loan, check the potential borrower's entire insurance program. You will find that money, securities and other property are subject to possible loss, so be sure to ask if the new Comprehensive DDD Policy is carried. DDD stands for, and covers, Dishonesty, Disappearance and Destruction — 7 days a week — every day of the year!



The most trusted employees have been known to juggle business firms' books ... and often disappear with thousands of dollars before even suspected.



Valuable securities have just "disappeared" from this borrower's desk. No one knows how, but they're gone, resulting in a heavy loss to the business.



Safe crackers work most successfully on Sundays when there's heavy week-end cash on hand. Another possibly crippling loss to your bank customer.



Too often employees are held up while making up the payroll. Loss of a pay-period's salaries and wages might ruin some firms. How about your loans?

USE THIS INSURANCE ✓ CHECK LIST ON BORROWER'S SOLVENCY

Is his business adequately covered against loss by—

- ✓ Fire and Extended Coverage (bldgs. & stock)
- ✓ Business Interruption Insurance
- ✓ Blanket Liability Insurance
- ✓ Blanket Fidelity and Forgery
- ✓ Burglary & Holdup Insurance
- ✓ Transportation & Marine Insurance
- ✓ Automobile Liability Insurance

The Comprehensive DDD Policy, with its complete all-in-one protection, squarely meets an urgent need of many businesses. Yet it is only one of the essentials in any safe business insurance program. (See Check List at left.) Your own Broker or any Indemnity Insurance Company of North America Agent will gladly furnish further information.

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North of the Border

LABOR dissension has led to some rather drastic measures by the Canadian CIO organization to get rid of Communist leaders. This organization, which had been working for some time to break Communist influence in some of its trades unions, has come out with a public announcement strongly indicating that it is prepared to face a showdown with subversive elements. Accompanying this statement was a copy of a letter from Philip Murray to the Canadian CIO executive, asking that negotiations by certain unions in Canada with Communist-controlled unions in the United States be broken off.

Further Canadian labor action will undoubtedly be influenced considerably by American union conventions during the next few months. Particular interest will be taken in Philip Murray's stand at the next American CIO general meeting in October, as well as in Walter Reuther's fight against Communists in the United Auto Workers when he faces them at the union's convention in November. Interest will also be taken in Joseph Curran's efforts to clean house in the Maritime Workers Union. Already the Canadian Seamen's Union on the Great Lakes has been split wide open by refusal of the operators of ships on these waterways to permit any labor delegates to board their boats unless they sign affidavits that they will not circulate Communist propaganda. This situation has been intensified by the persistent efforts of the former head of the Seamen's Union to set up a rival organization devoid of Communist elements, which were reported to have been responsible for the tie-up of lake

boats a year ago. The struggle in this group has been attended by some violence, as well as by an appeal by the anti-Communist faction to the Dominion Government to take strong measures to oust Communists from all labor organizations.

In contrast, however, to the widespread work stoppages in major industries a year ago, strikes have been few and far between, with the result that industrial production continued to rise until about mid-July, when seasonal influences and employee holiday privileges checked a steady upward movement of several months' duration. The output of such essential products as pulp and paper, steel and automotive vehicles continued, however, to rise. With such basic materials as the three first-mentioned in somewhat greater supply, it may reasonably be expected that Canadian industry in general will soon overcome the seasonal influences just mentioned and resume a progressive course.

Rebuilding Inventories

As was the case in the United States, inventories increased last Winter and Spring. Domestic trade, however, did not expand sufficiently to absorb all the new stocks of goods, but the situation was relieved by an increased export trade in partly and fully manufactured products, which now account for at least 75 percent of all Canadian exports. Inventory accumulations appear to have been concentrated at the distribution level, notably in department stores and wholesale houses. Increases in manufacturers' stocks have been comparatively small. Merchants are en-

deavoring to reach balanced inventory positions, in one way, by clearing out inferior goods. There is fairly general recognition that inventories must not only be rebuilt in volume but, also, in quality.

Canadian production of practically all kinds is now on display at the Canadian National Exhibition, Toronto, which reopened on August 22 after the grounds and buildings of the world's largest annual fair had been utilized since 1939 as a training center and depot for the armed services. Considerable renovation was necessary after nearly eight years of military occupation. The exhibition will have a large array of industrial products, including some of American origin and manufacture, and a distinctive American note has been given to this affair by the engagement of the United States Navy Band of over 80 pieces to play each afternoon and evening on the grounds. The attendance for the two weeks' fair was expected to exceed two million, including many American visitors.

This exhibition will be followed by the Canadian International Trade Fair in Toronto, extending from May 31 to June 12, 1948. The same grounds and buildings, in an area of 350 acres, will be utilized for this event, which is intended to provide for the display not only of a full range of Canadian products but also industrial goods from many other countries. Official invitations have been issued to all countries with which Canada has commercial relations, and contacts have been established with 100,000 buyers throughout the world. It is expected that American

(CONTINUED ON PAGE 22)

Entrance to the Canadian National Exhibition, Toronto





T*he facilities of The Canadian Bank of Commerce are as broad as Canada itself, for there are 525 branches of this Bank across Canada. Why not let us look after your Canadian Banking needs?*

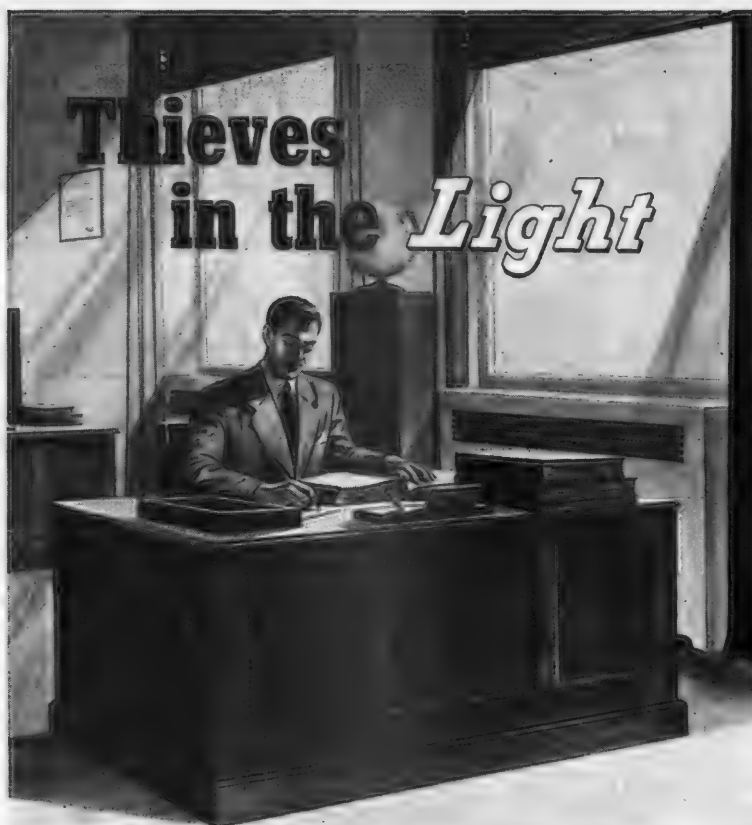
"Monthly Commercial Letter" mailed regularly on request.



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Today's embezzlements often reveal a greater need than ever before for employers to have proper Dishonesty and Forgery protection—the kind offered by our Companies through agents and brokers all over the country.

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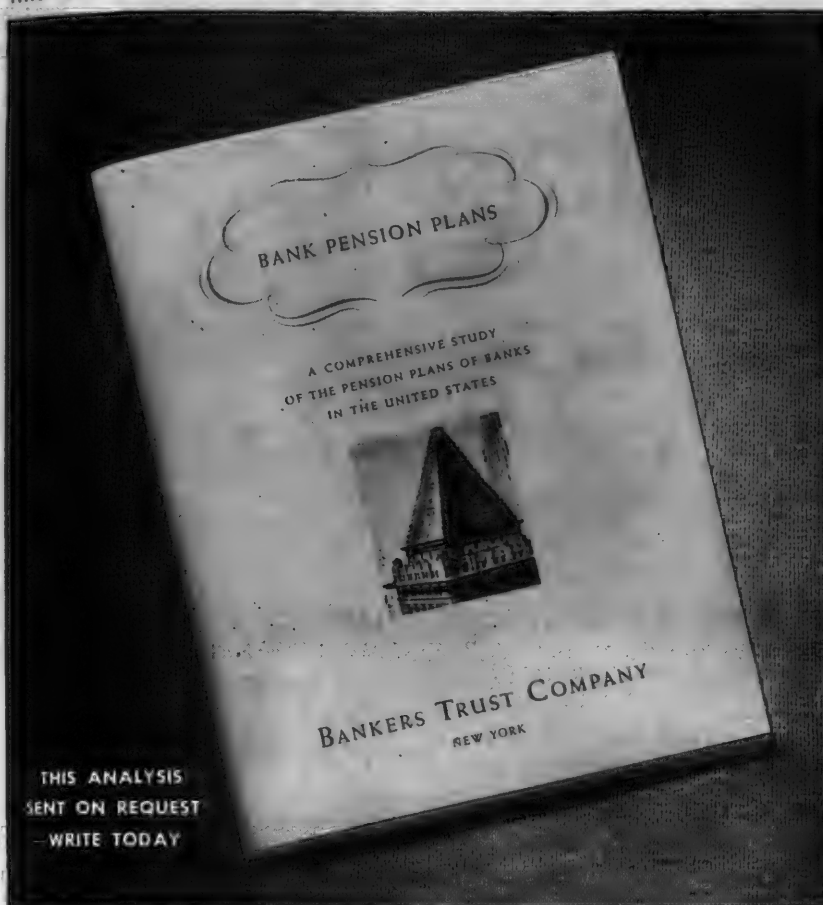
industry will be very well represented.

Searing midsummer heat in Western Canada caused a loss of at least 100 million bushels of much needed grain, while opposite conditions—cool, wet weather—seriously retarded crop development in Central and Eastern Canada. The drought losses in the western grain belt mean, in effect, that livestock farmers in the provinces of Ontario and Quebec will have less feed grain to draw upon to supplement their own short crops, and it now seems hardly possible that those two provinces will be able to maintain the high meat, dairy and poultry production established in recent years. There will also be less western grain for export to other countries.

Food Shipments

Canada's wheat year ended July 31, with wheat and flour exports for that period about 245 million bushels, leaving a carryover, after allowing for domestic requirements, of about 70 million bushels. Exports included 160 million bushels to Britain alone. Britain's new food import restrictions may not be applied to Canada to any appreciable extent, but Canadian exports will be lower because of smaller production this year, as well as because of Britain's decision to cease buying abroad such products as apples. It is possible, if not probable, that Canada, in order to meet her minimum food contracts with Britain, will have to divert to that country some of her surplus, which under better supply conditions she would ship elsewhere. All repercussions on Canada of the British financial crisis are not yet clearly in view. At this time, however, it might be recalled that the July issue of **BANKING** mentioned the probability of some rearrangement of Canadian export and import trade, in one way, by the requirement that more cash be paid for Canadian exports to Britain, several Continental European countries and China, for goods Canada supplied them, particularly those containing a high proportion of American materials, for which Canada paid cash to the United States. The British Chancellor of the Exchequer has confirmed reports previously current that Britain has been using some of her available American dollars to pay for part of her imports from Canada, thus easing the difficult Canadian exchange situation. But these American dollar payments to Canada might be regarded as partly in settlement of American materials which she has turned into finished products for Britain.

THIS BOOK SHOWS YOU HOW TO FIGURE THE COST OF A PENSION PLAN FOR YOUR BANK



WHAT THIS BOOK CONTAINS

How the use of pension plans has grown

The use of profit-sharing retirement plans

Pension practices where there is no formal plan

Plans used by State Bankers Associations

Discussion of the major provisions of bank pension plans

Tabular analysis of 226 different pension plans

How to determine the cost of a pension plan

How to use the "cost yardstick"

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to figure the cost of a pension plan for your bank.

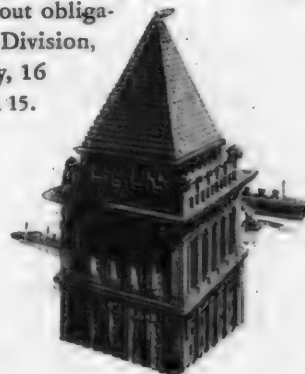
Bank officers considering a new pension plan, or revision of an existing plan, will find this book of great value.

Copies are now being mailed to our correspondents. Officers and directors of other banks are invited to write for a copy—without obligation. Address Pension Division, Bankers Trust Company, 16 Wall Street, New York 15.

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THE STORY OF THE ATLANTIC REFINING COMPANY

A Company Integrates from Oil Well to Consumer

Ever since the first "crackpot" started trying to find oil by drilling artesian wells for it, Atlantic has been in the oil business. But after fourteen years the company was merged into Standard Oil, became independent again in 1911. By that time Atlantic was set up as a leading refiner but had neither crude oil to process nor organization to sell its products. Aggressive management decided to integrate . . . capital was needed. In the course of years the services of Smith, Barney & Co. have been repeatedly used to underwrite debentures and stock for this purpose.

To do the job

Atlantic began to push its retail outlets and originated the first real filling station. By 1916 the company was drilling for crude oil. Today, as an index of integration—over half of the petroleum refined by the company is from its own wells. This production plus tankers, pipelines, refineries, and marketing facilities in some forty countries make up one of our largest integrated oil companies.

To serve you

Last year Atlantic supplied \$229,000,000 in goods and services to people of the Americas, Europe, and Africa. A wartime idea made possible a gasoline better than prewar fuel. Atlantic by-products are being used—for synthetic rubber, cosmetics, penicillin . . . for a new wetting agent, ways to improve our standard of living.

In 1946 the fruits of good management included \$48,000,000 in salaries and wages for employees . . . nearly \$5,000,000 in dividends to 32,000 stockholders whose total investment averaged \$13,000 per employee. And, in times of rising costs, Atlantic had helped the industry keep its prices down.

Money in action

A steady flow of capital has helped to transform this refining company into an integrated concern which brings oil products all the way from well to your car. And the progress has not stopped. Since 1940 alone Atlantic's capital expenditures have totalled over \$200,000,000 for improvements in producing, refining, transporting, and distributing.

The money for such expenditures has come principally from two sources: a very conservative dividend policy, the plowing back of earnings . . . and the underwriting of securities by Smith, Barney & Co.

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Where sound growth may be implemented by sound financial counsel . . . there the experience and advice of Smith, Barney & Co. have many times been of valuable service to American enterprise.

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President Truman's Committee of Nineteen *—How much foreign aid can we afford?

HARRIS & EWING

TWO OUTLOOKS

Two Years. When the Long Armistice was just starting about two years ago, Winthrop Aldrich, speaking as president of the International Chamber of Commerce, told a meeting of the Chamber of Commerce of the State of New York:

"The International Chamber recognizes that economic and trade relations between free and controlled economies will be one of the most difficult problems in the postwar period, and it plans to devote attention to this particular problem. The Chamber hopes to widen the area within which free economic enterprise functions. This area will be increased to the extent that private enterprise gives proof of its superiority over state-controlled enterprise. In particular, the area of free enterprise will widen as the United States demonstrates to the world the vigor, vitality and staying power of the private enterprise system and as it is able to avoid runaway booms and to prevent subsequent deep depressions."

During the next two years he made several trips abroad, to Europe and South America, devoting himself to organizing sections of the International Chamber in many countries. The objectives and results were summed up in an address to the Eleventh Congress of the Chamber in Montreux, Switzerland, last June. He concluded with this statement:

"The International Chamber stands for a free market

*Members shown in the photo above are, left to right, seated, Messrs. Moulton, Burgess, Young, Meany, Secretary Harriman, Carey, LaFollette and Conway. Standing, left to right, are Messrs. Batcheller, Koenig, Davis, Hoover, Collyer, Mason, Coolbaugh and Hoffman. Not shown in this photo are Messrs. Buchanan, Deupree, Myers and Sproul

economy both internationally and domestically and will continue to oppose the mercantilism of the modern age, just as Adam Smith struggled against its prototype of the Eighteenth Century. To this end, it gives its full support to all efforts to restore multilateralism in trade and to eliminate the repressive domestic economic controls which are a heritage of the war. The International Chamber gives its full support to free market economies because it is convinced that a free enterprise system alone permits full individual freedom and maximum economic progress. Freedom and economic progress are indivisible."

Just by way of background, while we take a quick inventory, underscore these two quotations, "... To the extent private enterprise gives proof of its superiority over state-controlled enterprise..." and "... To restore multilateralism in trade and to eliminate the repressive domestic controls..."

Two Contrasts. The question is: How much vigor, staying power and economic progress has free business demonstrated to the world since the fighting ceased? We know the answer. It can be shown in terms of two contrasts. One, of course, is the contrast in output, outlook, bacon, butter, pie and ice cream, between areas of free and areas of controlled economies.

The other is more to the point. It is the contrast in the way these two worlds have been behaving themselves. Free enterprise, represented mainly by this country, has been acting as though it cannot afford to fail, which is true. The totalitarians on the other hand, and their many friends here and there, act as though they cannot afford to have a free

(CONTINUED ON PAGE 136)



HARRIS & EWING

Some Capital Prospects

AMONG the select group of anonymous officials who sit behind desks in federal agencies and analyze tons of reports and statistics, there is considerable optimism for the outlook as to various aspects of the banking business.

For one thing, they expect the housing problem to abate considerably during the next several months. Consumer credit business is expected to be good in the months ahead. And by "good" they don't merely mean in good volume. They mean that, with the unhappy exception of automobiles, the supply of durables temporarily subject to installment credit controls will continue to improve and prices will tend downward.

As the public announcements have already indicated, the Treasury is moving away from the hard and fast pattern of interest rates which rigidly controlled the government financing picture during and after the war. This may be welcomed by the banking world even though the Government is opposed generally to the raising of overall returns to banks from their government bond portfolios. The latter development will be underscored if next month the Treasury goes in for a long-term non-market issue, as was being given serious consideration in the late Summer.

There is also little immediate prospect of a return to deficit financing, and the Treasury is expected, barring too big a foreign aid appropriation, to stay in the black for some months to come. The situation looks good, even if the White House does not credit to Congress as much of a saving in government expense as Congress claims.

Legislative Prospects

On some phases of the legislative front, the situation also looks good. Undoubtedly another attempt will be made next year to subject the Federal Deposit Insurance Corporation, with its funds gained from bank assessments, to the political control of the Budget Bureau. Opposed by practically all the banking world, the American Bankers Association, the

FDIC itself, and virtually all of the Senate, this move was killed before Congress adjourned. A revived move will fail again at the next session of Congress, provided the bankers are as vigilant as they were this year, and it may not get all the way through one House, as it did last session.

For a considerable time there was a prospect this year that the Farm Credit Administration would be able to get congressional approval of its plan to permit the land banks to increase their ratio of loans on farm real estate to 75 percent from 65 percent. This was to have been done by authorizing the federal land banks to take over the 75 percent lending function of the Land Bank Commissioner, and at the same time allow the former to pocket the latter's government-owned surplus.

This proposal was definitely killed this year. Its revival will not be agitated unless there is serious economic trouble on the farm front.

Reduction of the interest rate on postal savings deposits to 1 percent got a start in the last Congress, with a favorable report from a Senate committee. There is no major objection to this proposal, and its passage next year is a good possibility if a drive is put behind it.

Pressure on Banks' Competitors

From now until the end of the next session of Congress, pressure will be put upon the competitors of banks.

At the present time the House special Small Business Committee is holding hearings on cooperatives, and direct government-subsidized competition. One thing the sponsors of these hearings hope will be impressed on the public mind is that when a cooperative does business it is tax free, whereas a private merchant is not. When the tax-free cooperative borrows from a government-aided bank for cooperatives, it is borrowing from a lending agency which is also tax free.

In another quarter, pressure will be brought upon the tax-free competitors of commercial banks. The House Ways

and Means committee is going to study carefully the position of the tax exempts. They will study not only the advantages of the tax free lending agencies but also tax exempt unions, foundations and the like.

While the committee may not have time to push it through to enactment next year, it is moving toward the idea of taxing the income property of tax exempt labor unions, and of taxing retained income of farmer and other cooperatives.

Bankers, of course, face the outlook that there will be considerable legislation agitated next year. Some of this legislation they will fear as harmful, and other parts may seem beneficial. It also might be noted that "next year" in effect moves closer by the time any special session may be convened in advance of the regular session in January. There was no assurance that a special session could be avoided to meet the foreign economic crisis even though both the Administration and the majority in Congress fervently desire that Congress shall not meet until January as scheduled.

Sound and Fury, Signifying What?

Politics rises to a fury, normally, in any session of Congress which just precedes a presidential election. The fury rises to hurricane proportions when the Congress and the President are of different political parties. It is even more gusty when the congressional majority is likely to be hauled this way or that in accordance with the wishes of the followers of this or that aspirant for the presidential nomination.

As if all these stresses and strains upon banking and business legislation were not enough, the whole legislative outlook is clouded by pressing foreign economic problems. President Truman's veto of both the tax reduction and labor bills, as well as his use of the veto generally, has enhanced partisan bitterness and destroyed much prospect of co-operation between the President and Congress.

This is not a kind of political weather which lends itself to long-range forecasting.

Nevertheless, certain elements can be foreseen. In view of the impending political campaign, every effort will be made next year to wind the session up early, so the boys can go home and scout up votes. With foreign aid certain to preempt much of Congress's time, this means that any domestic issue which threatens to take much time has got two strikes against it.

Business Tax Relief

One of these two-strike items, even if it comes up to bat early in January, is business tax relief. The congressional majority may go through with its plan of offering early in the session a broad program of business tax relief.

This plan, however, was made when it was hoped that income tax relief would have been cleared away successfully by this Summer. Regardless of the statement of certain Republicans that they will offer individuals no income tax relief legislation next year because of Mr. Truman's vetoes, but will throw the issue into the 1948 political campaign, this prospect must be taken with a grain of salt. Most leaders feel that actual enactment of a tax cut is the best politics. Hence an individual income tax cut bill may be expected to be offered next year or in the course of a special session this year.

Even if the individual tax reduction is coupled with proposals for business tax relief, tax relief for individuals is likely to hold the spotlight. There is general agreement that individual income tax reduction shall come before business tax relief. Hence, Mr. Truman's vetoes of the tax bills of this

year are likely to postpone business tax adjustment, and the overhaul of the revenue laws the majority party hoped to achieve next year.

Due to the shortness of the session and its probable preoccupation with foreign aid and major political matters, many lesser proposals will have rough going finding time. Such proposals include those to authorize the Federal Reserve banks to guarantee small business loans of commercial banks, regulation of bank holding companies, a careful drafting of "permanent" legislation respecting the Reconstruction Finance Corporation, expansion of the coverage of the social security system, minimum wage legislation, public housing, and the proposal to revive the RFC secondary market for GI home loans.

This is not to suggest that all of these proposals will fail next year. As a matter of fact, some of them will pass. There is, for instance, a determination among some of the responsible congressional leaders to let pass next year some form of encouragement to public housing.

That encouragement will not be as direct as the public housing proposals of the Taft-Ellender-Wagner bill. Instead, the Congress may set up provisions for more local control and local responsibility for public housing, relegating the Federal Public Housing Authority to a status somewhat analogous to that of the Federal Public Road Administration under the federal aid highway program. FPHA would allocate funds and set building standards.

What observers believe, however, is that among these controversial items, the Congress will have to pick and choose. It cannot enact all of them. If it fusses with public housing, for example, it will have less time to tinker with the hot subject of expanding the social security system to include state government employees, domestics, farm workers and the self-employed.

Another proposal which may get a run in the congressional show-house is the proposal to boost minimum wages

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Chairman Harl of the FDIC



The CONSUMER CREDIT DIGEST



Instalment Credit to Small Business

LOUIS J. ASTERITA

The author is secretary of the Consumer Credit Committee of the American Bankers Association. He believes that the machinery of the consumer credit department is well suited to the service of instalment credit for small business.

THE constructive credit needs of an individual or of a small business to purchase commodities or equipment, or to plan a financial program for debt retirement, are just as real as those of a large corporation to build a plant or to increase inventory in anticipation of seasonal needs.

During recent years many banks have done considerable research in an endeavor to provide for the growing demand for bank credit on a more diversified scale. Those banks which specialized in monthly amortized loans have developed a philosophy—practical credit formulas and safeguards applicable to loans to small businesses. Thousands of banks have been serving small business through the medium of instalment credit, but, with few exceptions, none have analyzed their experience and formalized this type of lending. The fundamental difference between the conventional pattern of short term commercial loans and instalment repayment term loans may be summarized in a few words. Short term loans are based usually upon current values of quick assets reflected in the balance sheet; while term loans are based primarily on the earning power indicated in the profit and loss record; therefore, in the technique of instalment lending, credit judgment is largely influenced by long range prospects of profitable operations regardless of the degree of liquidity.

Business Development

If bankers are to develop loans in their communities they must first have an aggressive and constructive attitude in their thinking. When a request for credit is made it must be approached as a challenge to a bank's ingenuity and ability to arrange for the credit, the results of which will be mutually beneficial and profitable.

Every retail business establishment in the bank's trading area should be contacted personally or by direct mail, explaining the bank's program. Direct mail, newspaper advertisements, informative bulletins and other means of announcements or advertising should be used to offer this service aggressively.

A number of themes have been used successfully to develop this business. One effective plan is the "case method." Accompanying this article are several such examples which the Franklin Square National Bank, Franklin Square, Long

Island, used effectively in its latest report to stockholders. Another effective way to promote the bank's service is based on a "help the community" theme. Suggestions to business to improve store fronts, interiors, and methods have a strong appeal.

The objective of a business development program should be to sell the bank's services and to tell the bank's story to business and to the public.

Small business is extremely sensitive to the ups and downs of prosperity and depression, and the mortality rate is high. However, the risk is minimized by careful selection; protective provisions of the loan agreement; monthly amortization; and periodic follow-up statements, especially in those cases where the sufficiency of earnings has not as yet been fully demonstrated.

In some instances, since the demand for financial assistance is created by limited working capital and long maturities, it is prudent to obtain a pledge of assets which are practical to assign. It must be recognized that the real underlying security is character and competence. The prerequisite of an instalment loan to small business should embrace the following factors: (1) Moral responsibility of the borrower must be unquestionable; (2) evidence that he has the ability to operate his business on a sound basis—an appraisal of the owner and the management; (3) past record and future trend and prospect of the business; and (4) ability of the borrower to repay the instalment loan out of future income from his business.

Mortality Trend in Small Business

A glance at the prewar record shows that the majority of small business failures results from inadequate capital, lack of managerial skill, the wrong kind or no bookkeeping records at all, illness or death of one of the principals and unsound investment in speculative ventures, than from practically all others. According to a recent survey of current business issued by the Department of Commerce, the number of business firms in operation reached a record high of 3.7 million in March 1947. The annual rate of increase of business firms was only 9 percent during the first part of 1947 against 18 percent in the like 1946 period. When we compare the record peak of 188,000 new businesses for the first quarter of 1946, with 54,000 new businesses for the first six months of 1947, this may indicate that a saturation point has again been reached.

Another point of particular interest is the increase in
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The Franklin Square National Bank, Franklin Square, New York, featured, among others, these three "case histories" in its annual report, to illustrate its service in lending to small business.

(1) "When a neighborhood almost adjoining the bank really needs a drug store—that becomes a bank problem. When a World War II veteran appears—having discovered that need and analyzed its possibilities favorably—that would seem a solution to the neighborhood problem. About the middle of last year Mr. R. Gershen came to us to discuss opening a drug store. . . . Through the bank's cooperation, Mr. Gershen's business was established last June. He has a sales agency* of the Whelan Stores and has stocked many non-drug lines to increase the sales volume on pharmaceuticals. And his prescription business, which naturally grows only through acquaintance and confidence, has already reached very satisfactory proportions. In cooperating in this venture the bank feels it has done a real service to the neighborhood, Mr. Gershen and itself"



(2) "On a very excellent retail corner in Hempstead stood a vacant building which could perhaps be called a 1929 depression casualty. Formerly an automobile sales and service station, it has been idle for several years—until last Spring. Jack Stone and Harry Altman—proprietors of a business in Astoria—surveyed the location. Their aim was to bring into this prosperous and thriving community a floor covering establishment so complete in its stocks and facilities and modern in its appearance and methods that consumers just wouldn't want to buy in New York. While the building left a lot to be desired, the exceptional location and the very promising trade possibilities of the area supplied the impetus. So these gentlemen consulted a very good architect and our bank. And out of their ideas, modern building designing, and sound financial cooperation there has developed in a little over half a year a business of truly phenomenal growth. . . . The bank has been useful to the community at large in helping to convert an unused, deteriorating building into a distinct asset to Hempstead"



(3) "An army veteran with a five-year background of barbering and a yen for a business of his own—that was Mr. Joseph Blaha last year. Today he is successfully operating his barber and beauty shop at 134 Franklin Avenue, Franklin Square. Mr. Blaha's acquisition of his shop was interesting. He had the experience and the ambition. What he needed was a good location and funds for the requisite equipment. So he discussed his problem with the Veterans Administration—as do so many other ex-GI's. They suggested that he investigate Franklin Square as the sort of growing community which would ideally suit his purpose. When he had made arrangements for renting his shop, Veterans Administration further recommended that he talk with our bank about the financing of his necessary fixtures and equipment. . . . Mr. Blaha's record was excellent—his ambition a very worthy one—he was a GI and his type of business is an asset to the community. So the bank was very much interested in cooperating in the establishment of his enterprise. His business is showing a steady and satisfactory increase. . . ."



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business failures. According to *Dun's Statistical Review* for July 1947, the first six months of 1947 show that 1,349 businesses failed as against 431 in the first six months of 1946. Interesting also is the fact that failures occur primarily in the business group with liabilities less than \$25,000. These numbered 842 for 1947 and 293 for 1946. These data then automatically lead to a discussion on the vital points to watch when extending credit to small businesses.

Things to Watch

The growth of business debt has been most rapid in those parts of the business structure in which risks tend to be higher than average. Whether creditors are actually assuming a greater proportion of the business risk of our current increased credit volume will depend on a number of factors: (1) The manner in which the risks have been selected; (2) whether the borrower or the debtor has the ability to control costs, whether or not he can meet competitive prices and maintain sales during an adjustment period; (3) and also whether or not inventories are balanced and can be liquidated easily if necessary, without serious loss which may embarrass the debtor's ability to repay his obligation. Inventories which appear to be small enough to insure a satisfactory turnover may turn out to be too large if sales volume of some items is unusually high due to consumer purchases for future as well as present needs. Should this occur, sales will fall to such a degree that difficulty may be experienced in selling what is in stock even though prices are reduced drastically.

Now, more than ever before, serious consideration must be given to these factors in addition to the usual creation of reserves during a prosperous period in order to offset losses which may materialize during a less favorable period. During the past few years consumers have had to buy what they could get; they may have had to buy poorer quality than they desired. When the quality they want is available they will buy it and not what they have been buying because circumstances forced them to do so. Already, more and more retailers have had to revise their inventories to meet new and more normal conditions.

How well the banks of the country are responding to the challenge of business to meet their credit needs is shown clearly in recent reports of the Federal Reserve Board. Private credit agencies supplied 98 percent of the credit needs of American business during the years 1935-1945, according to the studies of the National Bureau of Economic Research. Banks supplied about one-half of all private credit used by businesses. Insurance companies and other private institutions supplied the remainder.

At the end of 1946, one out of every four operating business establishments had been helped with a bank loan. A substantially higher proportion of all businesses borrowed from banks at some time during 1946, since many bank loans are for short terms and the turnover is rapid.

Twenty-five percent of all commercial and industrial loans outstanding at member banks of the Federal Reserve System on November 20, 1946, were for less than \$1,000; seven out of eight loans were for less than \$25,000; and less than 12 percent were for amounts of \$125,000 or more.

Big banks as well as small sized banks made small loans. One in five loans made by banks with deposits of \$500 million was for less than \$1,000; two-thirds of all loans of this group of banks were for less than \$25,000.

The foregoing lending record of the banks was accomplished by maintaining the credit standards required by supervisory authorities, and by limiting the amount of each loan to the bank's legal lending limit established by law and without benefit of government guarantees. Moreover, the record indicates clearly banking's willingness and ability to meet the reasonable credit requirements of every competent man, firm or corporation that needs it for a constructive purpose.

If there is any real business credit problem today it is one of overextension of credit rather than too little credit by the banks and other private lenders.

Why Business Borrows

The purposes for which money is borrowed fall into two categories: (1) Self-liquidating loans upon which payment depends on the turnover of assets; (2) capital or semi-capital loans upon which payment usually depends on earnings.

The needs of small businessmen begin with individuals entering a new business, buying out, revitalizing an old business, or expanding a present business. In addition to supplementing working capital, loans may be requested to build up inventories, to add new lines, to increase production and operating efficiency, to discount bills, to pay taxes, to purchase store and office equipment, to buy special equipment, to repair, improve and modernize the business, and for a wide range of other business purposes. Unlimited opportunities for building business and creating goodwill exist in this broad field.

Building a successful business is a complicated process. The businessman must know something about buying, selling, production, display, bookkeeping, cost accounting, advertising and many other things. Most businessmen begin their ventures because they have interest or skill in one major phase and tend to underrate or ignore the others. Frequently, then, the small operator needs counsel and advice more than he needs credit. The approach of the progressive banker today is to find every good reason why a particular loan should be made and then work out sound terms with the borrower. If that effort fails to set up a bankable loan or credit transaction, then the modern, progressive banker endeavors to help his customer find some other way to solve his financial problems or help him work toward a status that will make bank credit readily available to him for future needs.

Installment Loan Study

In an endeavor to familiarize banks with some of the qualifications of term lending emphasizing the use of the techniques and philosophies of instalment credit, the Small Business Credit Commission and the Committee on Consumer Credit of the American Bankers Association have prepared a study, "Installment Loans to Small Business." This publication relates facts about small business, its needs, some of the credit factors to be considered, how the credit is processed and serviced, together with some of the hazards which may be encountered in small businesses, and in this type of credit extension.

In addition, the Small Business Credit Commission has issued a handbook entitled *Small Business Aids—How to Use Them*. This publication consists of a comprehensive collection of factual material on starting and successfully

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The Outlook for Consumer Credit

A. ANTON FRIEDRICH

The author, a regular contributor to BANKING, is professor of economics at New York University and a member of The Graduate School of Banking faculty. He is also co-author of several books on economics, and contributor on economic subjects to the Encyclopedia of Social Sciences.

THE trend of consumer credit will be sharply upward in the immediate period ahead. Expansionary forces, although somewhat quiescent in the first half of the year, are very strong. I believe 1947 will record an increase in the volume of consumer credit which will approximate that of 1946, with the greater part of this increase coming in the end months of the year.

(1) The Christmas season always gives a strong lift to consumer buying. While the greater part of Christmas buying will consist of small articles and soft goods purchased for cash, some will be bought on charge accounts. Another part of holiday spending will go into the more expensive consumer durables requiring instalment borrowing.

(2) Although construction as a whole is disappointing — at least it would be regarded so in the light of the enthusiastic expectations of the first of the year — there has been a notable increase in home building during the summer months. Many of these new houses are now or shortly will be available for occupancy. The new home owners will be in the market for refrigerators, vacuum cleaners, washing machines, furniture and floor coverings, much of which will be bought on time.

(3) This promises to be a banner year for farmers. Farm prosperity, when measured by the experience of the past, is something that can be described adequately only by a Hollywood press agent. The farmers in the last quarter of this year will have money, much money, which will be used for a multitude of purposes. Some farmers will buy more land, others will pay off their debts or add to their savings but there will be many who will want to modernize their homes, install electricity and modern plumbing. In general, farm communities in the past have not been regarded as major outlets for the sale of electrical appliances. But this is a new day in farm living. The gadgets of the electrical age are going into farm homes and kitchens and the flow this coming Fall and Spring will be heavy. The farmer will also want to replace his old and obsolete farm machinery with new and improved models. Some farmers will buy for cash but there will be many who will turn to the banks for instalment loans.

(4) The veterans, it is estimated, will receive in cash some \$2 billion in exchange for their terminal leave bonds. Some of this will go into down payments on the time purchase of automobiles and other consumer durables.

(5) The ending of consumer credit controls will increase the outstanding total of consumer credit. Some existing loans will be recast to take advantage of the longer repayment terms available to consumers after November 1. The new loans will call for a smaller down payment, a larger unpaid total, and slower repayment. A moderate change in existing credit terms can have a considerable effect upon the

total of outstandings. A change in terms requiring a one-fifth down-payment instead of one-third will increase the outstanding credit on a given transaction by 20 percent.

(6) To some extent also the passing of Regulation W will increase the number of cars which are sold on time. There were many prospective and hopeful buyers who were unable to meet the terms prescribed by Regulation W and who, therefore, were compelled to relinquish their priority on the dealer's list to someone with more cash. The new and more liberal terms will permit some of those previously excluded from the market to redeem their options to buy. If, as it is claimed, the more liberal credit terms will distribute the opportunity and ability to buy on time over a wider and lower range of incomes, it will also increase the percentage of cars and other expensive consumer goods which are bought on instalment credit.

How high will consumer credit volume go? It would be safer for my peace of mind to reply that the increase will be appreciable for the latter months of 1947 and that the year-end total will be an impressive figure. If pinned down to a specific figure, a reasonable guess, it seems to me, would

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The Chicago Terminal National Bank sponsors an exhibit of a modern all-steel kitchen in its personal credit department. Other displays of this nature are planned for the future



News Exchange

Merchandising

THE FIRST NATIONAL BANK OF MINNEAPOLIS (Minnesota) is formulating a new loan service to provide an easy way for people to finance their travels. The "Travel-loan" application forms, posters and folders will be distributed to ticket offices of railroads, airlines, steamships and buses as well as to travel agencies. . . .

THE FIRST WISCONSIN NATIONAL BANK OF MILWAUKEE furnishes its correspondent banks with a manual on instalment loans conforming with the state statutes and applying to conditions existing in Wisconsin. . . .

THE LINCOLN BANK AND TRUST COMPANY, Louisville, Kentucky, advertised its instalment loan service with a booth and display in the Kentuckiana Home Show. The display gave the bank men an opportunity to become better acquainted and form a closer relationship with representatives of equipment and appliance dealers and men dealing in home repair and modernization features, who also had booths at the show. . . .


THE FIRST NATIONAL BANK in Houston, Texas, has an electric flash sign which sits on one of the desks in the lobby and is used from time to time to draw attention to the consumer credit department. . . .

A FORM letter which STATE-PLANTERS BANK AND TRUST COMPANY, Richmond, Virginia, sends to customers who have paid back loans has proved most effective, according to the bank, because it flatters the customers' cherished credit reputation. The letter goes: "Where have you been? We've missed you! We consider the relationship established with you a valuable one and we wish to have it continue on an active basis. STATE-PLANTERS offers a complete banking service at minimum cost to you. If you are contemplating the purchase of an automobile or an appliance, or if you plan to improve your home, come in and let's see if we can assist you financially. Funds are available here for any sound purpose. Come in to see us anyway. As a preferred customer of STATE-PLANTERS we would like to know how you are getting along." . . .

CALIFORNIA BANK'S (Los Angeles) instalment loan department is receiving many requests from Los Angeles dealers for its new combination counter or wall signs, according to Forrest W. Denning, assistant vice-president in charge of the department. Of polished bronze finish, the signs are diepressed of a plastic material with the words, "CALIFORNIA BANK Financing Available Here" in raised letters. . . .

In recognition of the fine acceptance given the personal loan department by the people of Fort Worth, Texas, THE

P. N. B. says



**DEBTS DON'T
SCARE ME... WITH
ESTABLISHED
BANK CREDIT
I CAN MEET ANY
EMERGENCY.**

"P. N. B." regularly offers sound advice in the local newspaper to residents of Newark, Ohio. All the advice involves services of The Park National Bank

FORT WORTH NATIONAL BANK made a present of the 100,000th loan, marked paid, to the borrower. . . .

"We have put considerable stress on the training of our personal loan interviewers," says THE CITIZENS AND SOUTHERN NATIONAL BANK, Atlanta, Georgia. "It is our desire to put our customers completely at ease and to do everything possible to make their interview short and pleasant. We attempt to make 65 to 75 percent of our loans the day the application is received." This bank started in 1945 with approximately \$2 million outstanding in personal loans; as of May 1947, outstandings increased to almost \$11 million. . . .

THE CENTRAL TRUST COMPANY, Rochester, New York, selected distributors to utilize display space in the bank because their exhibits would be of assistance to the numerous smaller dealers in town and at the same time the bank could avoid favoring one customer over another. It also gives the window a greater variety. The distributor naturally displays his outstanding product and the bank has so arranged displays which change every two weeks that they apply to entirely different fields. To illustrate: electric motors of various sizes, models showing the steps in oil refining, business recording equipment, aluminum boats, Cub Scouts handicraft, types of photographic advertising, deep freeze boxes, radio and phonograph equipment, fire extinguisher models, office air conditioning, power saws, water softeners and pumps, home insulation, etc.

Durable Goods Outlook

SCOFFING at predictions that pay-as-you-see service would slow down development of television, H. C. Bonfig, vice-president of Zenith Radio Corporation, said Zenith development of a pay-as-you-see system was the one thing needed to lift television from the doldrums in which it has languished for many years. Zenith recently announced phone-vision, a new system which makes it possible for telecasters to charge set owners when they wish to see costly entertainment features which are unavailable on advertising-sponsored television programs. Bonfig stated that public response to the announcement had been terrific. . . .

U. S. Public Health Service survey shows a need of over \$7.5 billion in water supply and waste disposal facilities to furnish healthy community environment throughout the nation, according to *The Constructor*, published by The Associated General Contractors of America, Inc.



HERBERT BRATTON

CHARLES PHELPS CROSS

Deceptive Calm

WASHINGTON, D. C.

THE world business outlook at this writing may be likened to the situation of a ship which, having survived the first onslaught of a dangerous typhoon, floats temporarily in the deceptive smiling calm of the hurricane's center. For world affairs today ride on a sea whose every horizon threatens with cumulus clouds of disquiet and uncertainty.

Here in the United States, business still booms. On the industrial front, generally speaking, peace has been purchased at the cost of rising wage rates and lazily spiraling prices. The economic collapse, which so many Washingtonians forecast would soon follow the end of World War II and which the stock market last year seemed to be discounting with its resounding crash, is yet to materialize, if ever. While at home wants postponed during the war are more and more being met in certain lines and wartime savings are being drawn down, hardly a dent has been made in the need for housing and there is still a so-called "black market" for new cars.

Pyramided on the domestic demand for the products of our farms and factories is the insatiable desire of foreign countries for most of the same goods and services. The export demand therefore tends to drive our price level up, with money supplied in large part by the American Treasury and American private investors; and this in turn leads to complaints abroad that our loans do not buy all they were supposed to buy here; hence we should lend more.

Bewildered Uncle Sam

Slogan of the year on the international front is the "world shortage of dollars," which expression somehow seems to point a finger of blame at Uncle Sam. And Uncle is sorely puzzled, because he knows that in all history there has never been a case of a nation so generously helping others with gifts and loans as has the United States since the end of Lend-Lease; or with so meagre result. Yet, much more help for reconstruction and relief is being sought to satisfy foreign wants, and the prospect is that billions more will flow out

from this country during coming years. Nor is any end in sight; any assurance as yet that with more liberal American help the outside world can set its economic house reasonably in order.

On the political front—and, to judge by recent inter-governmental gatherings, "front" is the correct word—the prospect is for indefinite continuance of the West-East schism. Nothing that this reporter has seen or heard merits a forecast that relations with the Kremlin will get any better within any foreseeable time. Historically speaking, nothing is ever static. But what consolation is there in that reflection, to one whose time is running out?

"A Most Ingenious Paradox"

The political fission of the world implies of course a continuation of the present "interwar" psychology, with large expenditures for the armed services and for the financial weapons of the "cold war." Along with all this goes continuation of various government controls and interventions, and not only abroad. Here most of the wartime controls now have been wound up, but folding one's umbrella is no assurance that "it ain't gonna rain no more." In fact, under the Truman Doctrine and its latest manifestation, the Marshall policy, we witness the ingenious paradox of the world's strongest bastion of capitalism preparing to devote more billions to bulwark socialist Europe against something still more radical than socialism.

Foremost on the horizon is the problem of Britain, which is being brought forcefully to American public attention in a manner which has caught even our own experts on British finance quite unawares. At this writing the ground is being prepared for amendment of the British loan agreement, so as to waive the more burdensome "quids" which in 1945 the British promised for our \$4.4 billion "quo." Thus, it appears, at Geneva's ITO preparatory conference and in London the pretty rainbow which sprang from the valley of Bretton Woods vanishes in a dreary drizzle. There'll always be an England, we hope. And as long as there is an England, there'll always be a sterling area.

Test of the World Fund's Authority

Recently the World Fund asked member countries to clamp down on private international trade in gold at premium prices. While the trade was not yet of alarming volume, the Fund feared that too much public participation in it might undermine confidence in existing currency parities. The Fund's request, long debated, was in part inspired by the United States. Yet when Secretary Snyder a few weeks later was asked in a press conference whether he proposed to do anything about the matter he replied, "We haven't discussed making any changes." Since American firms were participating in the gold trade at premium prices, Fund officials were disturbed by the Secretary's comment. What caused some surprise was the issuance two days later of a joint Treasury-Reserve Board press statement requesting American public cooperation with the Fund's wishes that the trade be discontinued. And at the end of July the Treasury disclosed a plan to amend gold export regulations.

In Fund circles the matter is regarded as a worldwide test of the Fund's influence and authority. Should the Fund's wishes have been flouted by member countries it would have been a poor augury for success in achieving the objects of the Bretton Woods agreement. Still some time must elapse, however, before the success of the Fund in this effort as to gold can be fully appraised.

Actually, the trade in gold at premium prices merely signifies a disbelief in some of the currency parities which the Fund accepted at the outset of its operations. As one official puts it: "Three-fourths of the black market trade in gold would disappear if overvalued currencies were devalued."

Mountainous Trade Barriers

When Secretary of the Treasury John W. Snyder explained for Washington after a 10-day visit to Brazil he left behind, according to the press, a plea that Brazil open its doors to foreign capital. Since the Yankee dollar is in so much demand abroad, such a request from the United States seems superfluous.

For many years there was evident abroad a strong tendency to develop local industries, with foreign capital, to be sure, but under domestic control. This was a phase of economic nationalism. The phenomenon was conspicuous in Latin America, China and elsewhere. Barriers of various sorts were raised to make American and other "direct investment" in branch plants and the like not too attractive. Not only a control of the properties by domestic stockholders but in many cases severe restriction on the employment of American and other foreign personnel in such branch establishments was legislated. In the case of important oil properties in Mexico, the movement went as far as nationalization in 1938.

Now when the dollar is being courted all over the world some of the barriers to foreign investment raised in the interwar period are proving embarrassing. China, for example, has been giving considerable attention to making foreign investment in that country more attractive and during General Wedemeyer's visit announced a plan under which "restrictions on American and other foreign businessmen will be eased."

But there is still much to be done all over the world before the doors will be freely open to American capital. Recently an American official told me of the problems which face the investor in Cuban enterprise. "Under Cuban law," he said, "80 percent of the employees must be Cubans, but more and more the de facto figure approaches 100 percent. The Cubans have been getting pretty extreme about this, especially as to accountants, which hits some of our branch banks, and managerial jobs. The Cubans want not merely the bulk of the jobs, but assurance of the bulk of the payrolls of foreign branch business enterprises. You may have noticed that in the sugar legislation passed in Washington in July there is a proviso that there must be fair treatment of American business interests by Cuba. This is the reason. Why, American banks have had to make accountants sub-managers or directors to enable them to go to Cuba and audit the books of the Cuban branches."

The latest Cuban development, which has caused a howl

ON THE ECONOMIC FRONT

Left, four American diplomats take a moment's relaxation from their conference in Paris on the European Economic crisis. Left to right, Ambassador Douglas (Britain), Robert Murphy (advisor to AMG in Germany), Under Secretary Clayton and Ambassador Caffrey (France). Below, right, a collection of British newspaper headlines dealing with the controversy over British importation of American films, which Hollywood threatened to stop as a result of high taxes placed on the films' earnings in England, another example of the complex interweaving of foreign trade problems



of protests in American export circles, is a move to make it practically impossible for an American exporter to change his Cuban agent.

In Mexico, interestingly enough, there has lately been a slight relaxation of the restrictions on foreign professional people, who have been subjected to increasing restrictions generally throughout Latin America.

New Trade Blocs?

According to the NAM, which has been closely following the doings at Geneva this Summer, the State Department is countenancing the creation of new trading blocs, and this carries a serious threat to American exports. First, NAM reports, the USA at Geneva has made a substantial modification of a concession given us by the UK in the loan agreement. Under this modification, general tariff reductions no longer would automatically reduce or eliminate Empire preference. And secondly, says NAM, the American delegation has agreed to a whole new pattern of preferential tariffs designed for the eventual establishment of a European customs union, which is primarily aimed at United States exports. Thus, ultimately, American business will have to face three large preferential trading areas: the British Empire, the Western European union envisaged in the Marshall plan, and the Russian bloc, and this, thinks NAM, will encourage American companies to establish more branch plants abroad, to the detriment of American exports. NAM thinks this will make it more difficult for Congress to approve the ITO.

Such is the problem of the engineers who at Geneva and elsewhere are endeavoring to build a structure from blueprints drawn during the seemingly optimistic days of the recent war. Compared to the ITO charter now emerging from Geneva, the Bretton Woods agreement is a strong document. That the Fund and ITO were not created simultaneously turns out to mean that commercial policy will offer escapes from the Fund's austerities, since trade restrictions and exchange control and the like are alternative means to the same ends.

Export Squalls and Storms

Reflecting the abnormalities which determine foreign trade today—two years after V-J Day—is the news that the anticipated 1947 export total is about five times the 1939 volume. Only a small part of the export business is "business" in the sense that the nation receives foreign goods and services in exchange. Thousands of vessels sail from our shores laden with goods financed by the loan of public funds, as well as outright gifts, returning, for the most part empty, for more American cargo. Until recently, the American exporter has had no difficulty in selling abroad, being paid out of the dollar resources foreign countries accumulated during the war, or out of the proceeds of the many loans being made from the USA. It has been a seller's market. Indeed, quite a bit of shoddy goods seems to have found its way to disappointed foreign buyers, a fact deplored by the more experienced American exporters.

Quite a few Latin American countries which made hay while the war shone and which have been living high since the end of the world conflict are now catching glimpses of the bottom of the barrel. Ecuador, for instance, some months ago had to establish multiple rates of exchange, the World Fund perforce agreeing, and in July Mexico laid down a barrage of import restrictions. The individual American exporter nowadays must be prepared for squalls and storms.



An envelope received by the author from China. Total postage required for this letter, was 4,900 Chinese dollars

In most of the Far East international trade is just about as far from normal as it is possible to be. Trade with Australia, as delimited by the negotiators of the ITO charter at Geneva this Summer, entered a period of uncertainty because of the efforts of various American wool interests in the Congress to obtain special protection. India is being reborn. Its wartime sterling balances are impounded. In the Dutch East Indies business is set aside for another little war. China is in a state of civil war, hyperinflation, corruption and economic chaos. Business goes on there, but under fantastic conditions. In Japan the efforts of the American Government to get private trade restarted are just beginning to make themselves felt, the first group of American businessmen arriving in August.

German Problem Paramount

Business with Europe at present is dominated by the so-called "dollar crisis." Since Secretary of State Marshall's proposal in June, hopes have been raised that Europe will present a bona fide plan for self-help such as to induce the American Congress to make liberal contribution thereto. Various groups of Congressmen are abroad this Summer to make first-hand observations of the problem. Owing to the Russian attitude, Europe is being politically torn in two, with Western Germany apparently to be incorporated into the economy of Western Europe. There is in this country a growing feeling that the level of industry in Western Germany must be raised, so that we may be relieved of at least some of the cost of sustaining the defeated enemy. Former Under-Secretary of State Sumner Welles, however, who sympathizes with French fears of a revived Germany, frowns upon the growing American business sentiment as to Germany; likens it to "doing business with Hitler."

At this writing Anglo-American discussion of the German coal problem is about to begin, the World Bank research department is reportedly studying what role that institution can play in building up German coal production, the countries of Western Europe are busy preparing a list of their resources and needs, and a Niagara of gloomy and alarmist news reports is coming our way from Britain. The businessman's newspaper reports "Britain's Markets Facing New Gloom," "Britain's Situation Described as 'Crisis,'" "Economic Crisis Rocks British Labor Cabinet," and the like. In this atmosphere of alarm it is appropriate to keep one's head. The picture may not be as black as it is painted. Per-

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PRESS ASSOCIATION

How To Balance U. S. Trade

Building Up Strategic Reserves Will Reduce the Export Surplus

PAUL EINZIG

The author

DR. EINZIG is a prominent British economist and financial and political writer. He has written a number of books on international politics and economics which have had wide circulation in the United States, and is a regular contributor to leading British financial journals.

THE gigantic export surplus of the United States is, and will remain for a long time, Problem Number One of world economy. In itself, a large and persistent export surplus is not something inherently evil. Britain's favorable trade balance during the greater part of the 19th century served a constructive purpose, in that it assisted less highly developed countries in progressing at a much more rapid pace than they would have been able to in the absence of the British export surplus.

The present American export surplus is an indispensable factor making for the reconstruction of devastations wrought by the war in Europe and Asia. It is the abnormally large size of the surplus which has given rise to growing concern both within and outside the United States. While the British favorable trade balance during the last century was in terms of hundreds of millions of dollars per annum, the present American trade surplus is in terms of billions. Even allowing for the all-round increase of figures in economic statistics that has taken place in the meantime, this surplus is grossly excessive.

Balancing World Trade

Statesmen and economists in the United States and elsewhere have to face the formidable task of devising means for balancing this seriously one-sided trend in world trade. By "balancing" we do not, of course, mean the establishment of a complete equilibrium between American exports and imports. Clearly, that is out of the question for a very long time to come. Given the immense superiority of the resources and productive capacity of the United States, a large export surplus is inevitable. Nothing short of some fundamental upheaval—such as another war or a revolutionary change in the domestic, political and social structure of the United States—could conceivably wipe out the export

surplus altogether. What is within the realm of practicality in existing conditions is a drastic reduction of the surplus to within normal proportions, and its balancing by means of forms of investment that pursue a constructive purpose from the point of view of both lender and borrower.

Even this realistic aim cannot be hoped to be achieved to any considerable extent during the next two or three years. So long as the countries primarily affected by the war have not succeeded in recovering their full productive capacity and in replenishing their depleted stocks of goods, nothing short of a brutally drastic, deliberate curtailment of American exports could possibly reduce the surplus substantially. Even a complete elimination of the American tariff wall would not make very much immediate difference, for the simple reason that Europe and Asia do not possess sufficiently large exportable surpluses to take advantage of the market thus placed at their disposal. Nor would it be possible to devise at short notice the ideal channels of investment with the aid of which the inevitable export surplus should be balanced. The unsatisfactory method of financing the surplus mainly with the aid of official loans will remain a necessary evil for some time.

What we have to aim at is the balancing of American trade after the end of the immediate reconstruction period. This does not mean that having accepted the inevitability of a very large favorable balance during the next three years or more, we need not do anything about it until the end of that period. From the very outset it is necessary to do everything within the modest limits of present possibilities to achieve a better balancing of trade. For one thing, the target to be aimed at eventually is so very difficult that it requires years of preparations.

The First Step

The first step in the desired direction would be to make American official, political and public opinion realize the need for a better balancing of American trade. At first sight this may sound absurd. For, surely, everybody is aware that the present system, under which a large part of the national output is exported against payment in bonds, most of which are certain to be defaulted upon sooner or later, cannot continue indefinitely. And yet many government officials, politicians and businessmen pursue policies which,

carried to their logical conclusion, tend to perpetuate the system under which the American taxpayer is made to pay eventually for American exports. The combined weight of their influence is sufficient to determine the course of the trade policy of the United States, policy which now appears to aim at attaining the largest possible amount of export surplus.

In the field of general policy this end is pursued by the official American policy of non-discrimination in international trade, as a result of which countries with an excessive import surplus from the United States are prevented from diverting elsewhere part of their purchases. It is of course understandable that the United States Administration should endeavor to use its immense influence for the benefit of each one of the sectional American interests by securing for each one of them the maximum of markets both at home and abroad. The sum total of the advantages thus secured is, however, an unwieldy export surplus which has to be paid for by the American taxpayer. While each of the sectional interests derives full benefit from non-discrimination combined with protective tariff, by the time they have paid their share in the additional taxation burden arising through the financing of the benefits derived by *all* other sectional interests there will be very little net benefit left for anyone in the long run.

U. S. Export Surplus

Would it not be more satisfactory for all concerned if the policy aiming at self-sufficiency in every sphere, and at a large export surplus in many spheres, were to be revised in the light of the realization that, as things are, the American taxpayer will have to pay for the surplus? There can be no

solution without sacrificing to some extent some of the sectional interests clamoring for the maximum of benefit. To decide which sectional interests are to sacrifice and to what extent would be very difficult both politically and economically. It can only be done through the realization that the maximum benefit to each one of them has to be paid for by the nation as a whole. To oversimplify a complicated formula, it will be necessary sooner or later to decide whether it is worth while to sacrifice tobacco exports to Britain for the sake of maintaining a large synthetic rubber industry, as an alternative to retaining both at the American taxpayer's expense.

There is, however, a limit to the extent such self-denial is practicable. It is strongly opposed by arguments evoking considerations of national defense. Self-sufficiency in rubber, wool and many other products is declared to be a strategic necessity. There is, however, an answer to this argument; and the answer contains the solution which, if adopted, should go a very long way towards balancing American trade.

Beyond doubt, a reduction of the American tariff wall would help a great deal towards the desired end. The chances are, however, that its effect would be offset by tariff concessions made by other countries to the United States on the strict principle of give-and-take. The only way in which it would be possible to reduce and keep down the American export surplus would be through the accumulation of large reserves of strategic materials by the United States. By such means a large part of the surplus could be offset without having to curtail exports too drastically.

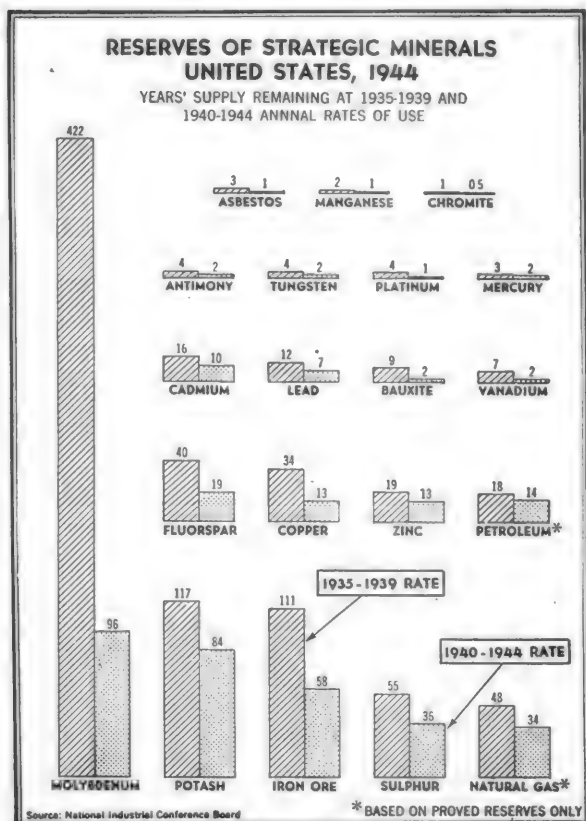
The world is in need of American goods, and is likely to remain in need of them even after the end of the reconstruction period. At present it pays for the surplus partly in gold and partly in paper. Would it not be more satisfactory to accept payment in goods instead of in paper, even if there is no immediate use for such goods? The gold received in payment is buried in Fort Knox, Kentucky. Why could the import surpluses in strategic raw materials not be treated likewise? To provide a financial basis and justification for the operation, all that would be needed would be to make the commodity reserves eligible for serving as reserves in the currency and credit system of the United States. Although this may appear a revolutionary innovation, in reality it would be founded on American traditions, since it was practiced, in the rudimentary form of issuing tobacco notes, rice notes, etc., by the early American Colonies.

Strategic Commodity Reserves

Judging by the size of the American export surplus, it would be possible to build up gradually gigantic strategic reserves in every strategic material which does not deteriorate, or which can be turned over as a safeguard against deterioration. Through the wide distribution of these reserves all over the United States it would be possible to achieve the maximum possible safeguard against destruction of the supply of any key materials. As a result, the country would become considerably less vulnerable to every form of attack, which fact alone should go a long way towards discouraging attacks. The possession of huge commodity reserves would materially increase the political and strategical power of the United States, not to speak of the increase of its economic power.

Admittedly, many weighty objections can be marshalled up against the proposed solution. The cost of the scheme

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World Bank Looks Before It Lends

Carefree Lending of the 1920's Is To Be Avoided

FOR obvious reasons the predominant influence in the International Bank for Reconstruction and Development to date has been American. This has been especially true during that important period of the bank's history commencing with the advent of the new management in March of this year and the successful flotation in July of \$250,000,000 of the bank's debentures. Under the presidency of John J. McCloy, the Americans connected with the bank have been exceptionally busy, both in Washington and while traveling about the country making the necessary preparations for the July financing operation. Prominent in this activity has been Eugene R. Black, who on March 14 succeeded E. G. Collado as American Executive Director.

A vice-president of the Chase National Bank of New York, Mr. Black, son of a former governor of the Federal Reserve Board, brought to the world institution a broad background in investment banking. During the loan drives of the recent war Mr. Black served in various capacities. Prior to joining the Chase National Bank he was for a number of years associated with Harris, Forbes & Company and its successor, the Chase-Harris Forbes Corporation.

Interviewed in Washington on the World Bank's role in the reconstruction and development of foreign countries, Mr. Black stressed the advantages of the World Bank over earlier forms of foreign lending in which this country has been involved. As Mr. Black sees it, the bank will avoid errors of the past because the reasons for those errors are now realized and because of the fact that the international composition of the bank's staff and directors brings the experience of many other countries to this new manner of lending.

HERBERT BRATTER

Mr. Black's Statement—

It is perhaps natural, in view of the fact that the United States has subscribed to over 39 percent of the present capital stock of the International Bank for Reconstruction and Development, and currently controls approximately 35 percent of the total voting power, that emphasis has been placed on the role this country is to play in its operations," Mr. Black observed. "Additional weight is given to this initial impression because, for some time to come, the United States will be the market in which the great bulk of the loanable funds of the bank must be raised.

"But it is when one looks beyond this primary concept that the interesting features of the bank stand out. International lending, with all of its intricacies and cross-currents, is not something to be learned overnight. Indeed, history shows that the early days of a creditor nation are apt to be most disillusioning.

"When England first attained a creditor position as a direct result of the War of the Spanish Succession, the sudden influx of wealth caused a period of wild speculation which has come down to us as 'The South Sea Bubble.' Events in England from 1710 to 1720 bear many uncanny similarities to the speculative excesses of the 1920's in this country. Indeed, they were much worse. All sorts of fly-by-

Eugene R. Black,
American Executive
Director of the
World Bank



EVIDENCE of the World Bank's careful and thorough approach to its problems is the statement of Mr. Black that "whenever pertinent to the work of the bank, detailed reports are prepared on such broad topics as the outlook for specific commodities or industries, the balance of payment problems of individual countries or regional areas and the feasibility of reconstruction or development programs submitted by proposed borrowers from an international or regional viewpoint. The bank's headquarters staff is being supplemented by a group of trained economic observers stationed in various parts of the world. They are to act as the eyes and ears of the bank in general and to obtain specific information whenever it is required."

night companies were promoted bearing such titles as 'A Company to Make Salt Water Fresh,' 'A Company to Promote a Wheel of Perpetual Motion,' 'A Company to Import Extra Large Jackasses from Spain' and even one 'Who's Purpose Shall be Announced Later.' Speculation reached a fever pitch, only to end in collapse. Approximately 90 years earlier, when Holland suddenly became a creditor nation, the inrush of investment funds found outlet in a wild orgy of speculation in tulip bulbs.

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BERNARD G. DAVIS

Shanghai's riverfront
is crowded

THE open door in China is closing. Today, after doing business for almost a century in one of the world's best markets, the American businessman finds himself discriminated against, handicapped and harassed. He might just as well fall in behind his army and join in the withdrawal from China.

All this stems from an anti-foreign feeling that has developed throughout the Far East following the end of the war. Unfortunately, Americans are no less foreigners than are the British, the French or the Dutch, and they find the cards stacked against them most everywhere they turn, be it in China, the newly-liberated Philippines, or in any other Oriental country.

New Approach to the Orient

The new order of things in the Orient and in the Far East calls for a more individually nationalistic approach, and, incongruous as it may seem, even in the Philippines where our long-range economic policy virtually sustained the islands, American industrial and economic security at the moment is open to question. To a lesser degree, but nevertheless typical of what is taking place, mainland American businessmen feel the pressure of discrimination on our own island of Guam where the official U. S. policy of "Guam for the Guamanians," protects a local trade and industry that is struggling to get on its feet.

The American policy, to judge by the military withdrawal from China and granting of independence to the Philippines, seems to indicate a graceful bowing out of political penetration. This withdrawal, however, must not be regarded as any sign of weakness where we consider our military interests lie, as evidenced by the determination with which we pursue the negotiations for navy bases in Tsingtao, China, and in the newly freed Philippines, and the acceptance of Guam as our new advanced military outpost in the Western Pacific. The attitude of the French and Dutch has so far been more stubborn, with the resultant series of bloody revolts. Saigon,

the capital of French Indo-China recently resembled an armed camp. A guest at the Hotel Majestic in downtown Saigon could hear gunfire through the night, and the steady rumble of trucks and tanks "moving up" — or see the evacuation of wounded at the airport. The British maintain an equally hard hold on their Far East position, making some concession to the advance of public sentiment by granting an apparent step toward independence to Burma and India, the reality of the gesture being as yet unproved.

Strictly Economic Penetration

Despite loose talk to the contrary, the American economic penetration into the Pacific has little political implication connected with it and is of so benevolent a nature that it may be criticized for being more sympathetic to the interests of the natives than to Americans.

One gets an intimation of this spirit upon reaching the "end of the line" of American soil at Guam. In this newly reconquered island possession which has been ours since 1898 and hence subject to American "exploitation" for half a century, the official U. S. policy has been and is today: Guam for the Guamanians. A mainland American citizen is literally discriminated against, with a view towards protecting local trade and industry that is struggling to get on its feet. Similarly in Japan, under the iron rule of General MacArthur, it is made extremely difficult for an American businessman to enter, though the possibilities for American enterprise in Japan are considered more promising for the immediate future than in any other spot in the Orient.

The Philippines, which so recently were a prime market for the American businessman, now must be considered with a strictly short-range approach. The islands have maintained financial stability, thanks to American support, and suffer less from inflation than almost any other territory in this area. Prices have certainly risen, as they have everywhere, but a peso is still worth 50 cents U. S. and there are no black market money changers to solicit you for less.

A'S Not-So-Open Door

BERNARD G. DAVIS, president, Ziff-Davis Publishing Company, made a 10-week air tour of the Far East, in which he conducted a general survey of the future possibilities for American business. His conclusions are interesting and timely.

Her streets are jammed,
as in other cities



President Roxas' Problem

President Manuel A. Roxas is considered fundamentally pro-American but he is having difficulty maintaining order out of his twice-swept countryside. Lawlessness is rife, and even in Manila today practically every truckload of merchandise must carry with it an armed guard. The lawlessness outside Manila almost amounts to civil war, with organized guerillas — Hukbalahaps or Huks — operating as an anti-administration force. The country is torn with agitation for agrarian reform, the Huks campaigning for a liberal interpretation far to the left. Yet it is a mistake to apply a label too freely to Roxas or the Huks. As one high diplomatic official put it to me: "Roxas is the best Filipino leader they have. He is no more a reactionary fascist and dictator than are the Huks communists. We didn't clean up agrarian reform in the 48 years we ran things, so why expect Roxas to clean it up overnight."

The anti-foreign feeling that exists is genuine enough but must not be confused with the anti-American agitation, a large part of which is inspired by anti-administration forces with the intention of embarrassing the government. It is true, however, that the Army's hold on territory in and around overcrowded and badly devastated Manila has caused considerable ill will. We do pay for such property taken over, and on a very liberal basis, though red tape often involves an annoying delay.

That the Filipinos dislike foreigners cannot be denied, which is similarly true practically any place else (though, strangely, Siam is reported to be the one place in the Orient where Americans are genuinely welcomed). Of all the foreigners, it is likely that Americans are disliked least. Despite the collaboration that existed with the Japanese during occupation, much of it attributed to the sheer necessity of remaining alive and in food, the Filipinos detest the Japs. The dislike of the Chinese and Indians is likewise great, chiefly because of sheer economic envy.

Trading with the Philippines

At the present time there is to be free trade for eight years and a graduated scale for 20 years. A leading Manila businessman, whose name I promised not to disclose, frankly told me: "When the 20 years are up, we'll work out something to our advantage. Certainly we like our independence — we are now free to exact a real price for the goodwill you Americans need to retain your bases out here. We expect to be the warehouse for feeding merchandise from the United States into the Asiatic mainland centers."

How secure any American industrial or economic future will be in the Philippines is certainly open to question. The president of the republic, in the midst of his own honest campaign for "constitutional amendments granting special rights to U. S. nationals in the development of national resources and the operation of public utilities in the Islands," was recently quoted as protesting that "too large a proportion of business and retail trade are in alien hands." That's like a property owner inviting you to build a 50-story skyscraper on his empty lot on an eight-year ground lease who adds as a frank warning that he doesn't like you anyway and, besides, he's got a cousin that likes to own skyscrapers.

"Exploitation" in China

Theoretically, China offers a bonanza to enterprising American and foreign businessmen. Ever since the doors of China were opened in 1890 by John Hay, the prospect of 450,000,000 Chinese, in need of everything that modern technology and civilization can produce, has proved an irresistible temptation to the trades and economic royalists of the world. Liberals cried "exploitation." My own impression today is that the shoe is on the other foot — and whatever "exploitation" exists is on the part of the Chinese toward foreigners.

Eventually the greatness of China is bound to be felt in the military as well as economic world of tomorrow. But

today the greatness that is China is lost in a morass of chaos, frustration, venality and civil strife. Until the Chinese straighten out their own affairs, politically as well as financially, it is no place for a foreigner. Those who already have their roots well grounded, and their investments already placed, perforce must wait this period out. There is no need for them to withdraw, though many would like to. Some of these larger companies can actually make profits under present adverse conditions, though their profits prove of little value to an American stockholder seeking spendable dividends. A new investor, coming into China, is hopelessly lost.

The struggle between the Communists in the North of China and the national government continues to rage without any sign of abatement. It is doubtful that the Communist party is getting any material support from Soviet Russia, but it is definite that their ideological birth and sustenance come from Marx and Lenin. Many of the businessmen in Shanghai insist that Communism will never gain a hold on the Chinese. "They're too individualistic; practically every Chinese is an independent businessman; even the ricksha coolie rents his conveyance as an entrepreneur at so much per day from the syndicate," they explain.

As Waldo Frank, able correspondent for the *Los Angeles Times*, aptly pointed out to me, "Shanghai is not China. Travel in the North, and you will find millions of Chinese peasants who slave their lives away half starved, in debt to the money lenders unto the third generation, paying exorbitant interest charges for the privilege of working lands that don't belong to them. Anybody who says these people are not susceptible to the appeal of having some land of their own and having their back-breaking debts wiped out by a new communist authority simply doesn't know China."

Chinese Communications

One of the serious difficulties of doing business in China today is the deplorable lack of communication between the various centers of population. Except for the train service between Shanghai and the capital city of Nanking, there are few other regular train services available. Intercity telephones either don't exist or take hours to days for completing a connection. Most physical communication requires the use of slow river or coastal boat transportation which is none too regular, and is too expensive and too slow. Scheduled air transportation is also unreliable.

Before the war, transportation was fairly dependable, but what the Japanese didn't destroy or dismantle the Communist forces in the North periodically cut. The net result is that the big centers of population must be treated very much as though they were a series of individual, isolated communities.

The greatest obstacle to doing business in China today is the instability of the currency. The Chinese national currency, called CNC, is worth little more than the paper it is written on, yet it is the standard medium of exchange. It was hoped that, when Dr. T. V. Soong, the financial genius, assumed the presidency of the Executive Yuan early in 1945, he would straighten out the currency mess, but it has gone from bad to worse. During Dr. Soong's incumbency he has issued new banknotes totaling \$3 thousand billion dollars (\$3,000,000,000,000) and it is estimated that there are over five trillion CNC in circulation.

It is interesting to observe how this inflationary process



Peasants working under conditions that have not improved for generations

affects normal life. Prices, including wages, rise on all levels correspondingly, but in terms of American currency (the accepted quick means of comparison) prices in general run about what they do in New York or Chicago. A hotel room, when you can get it, is worth \$8 or \$10, a breakfast \$2, drinks \$1, dinner \$3.50, etc. Running a household, if one attempts an American style of diet, might prove exorbitant with milk \$1 a quart and butter \$3 per pound. A house servant costs \$40 a month, but it takes four to equal the amount of service we expect and receive from a general maid in the U. S.

Money by the Bushel

Purchases require literally a bushel basket of money. Local purchases are based on the black market rate, openly traded throughout the shops, listed daily in the newspapers and constantly shifting. Worn U. S. bills are worth less than new, and personal checks (because of ease of shipping out of the country) are accepted with a facility that would shock any credit manager in the States.

Employees do not receive any fixed salary. They are given a base figure which each month is multiplied by the current cost of living index. In that way, local workers receive a compensation that keeps pace with rising costs. For example, a bookkeeper who received CNC 100 monthly in 1936 (the base year) was automatically entitled to CNC 100,000 in February of last year and CNC 800,000 in February 1947. The cost of living index for January 1947 was 7,940 to 1, an increase of almost 23 percent over the previous month and an increase of almost 800 percent over the previous year.

If the official rate of exchange between CNC and U. S. dollars kept pace with this watering of local currency in terms of real values and cost of living (as do local salaries),

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The 5 W's of News in Your Bank

Who, What, Why, When and Where?

JOHN DE JONG

MR. DE JONG, who is assistant director of the News Bureau of the American Bankers Association, has had several years of experience in country banking and as a reporter and editor of weekly and daily newspapers in agricultural and industrial areas of the Middle West and of the Eastern Seaboard. He came to the A.B.A. from the financial bureau of the Associated Press in New York City.



THERE's lots of news in your bank. The purpose of this article is to help you find it.

These practical pointers on what news is, where it is, and how to pass it along to the newspaper in your town, are intended for banks that do not have advertising and public relations departments. Most banks, of course, lack that professional service. Their publicity is apt to be casual, depending in large measure upon a staff member's "nose for news" or on the enterprise of the paper in seeking news.

This article, primarily for smaller banks, was developed by BANKING and the News Bureau of the American Bankers Association with the collaboration of several newspaper editors whose comments may be taken as authoritative specifications as to the kind of bank news their papers want. Some bankers whose relations with the local press are unusually successful also helped.

* * *

"The first call I had this morning," said a Midwest banker the other day, "was from the newspaper office asking me for the names of anyone who is on vacation. This gave me an opportunity to tell him that our cashier had just returned from an extended trip through the West."

That's "publicity" reduced to its simplest terms. The incident not only illustrates a friendly, informal relationship between a newspaper man and a responsive banker, but it also points up the grassroots fundamental that names are news.

Publicity covers considerably more ground than the casual reporting of an item for publication in a newspaper's social

column. It generally means the stories published about your bank and its people in the news columns of the local press. As a banker, you are financial counselor to your customers and because of your wide contacts you know about many things in the community, even before they are reported in the papers. You also know many things that are never printed. Your bank makes personal loans to individuals and grants credit to businessmen and farmers. Because of this close relationship you are like the family doctor who is bound by professional ethics to guard zealously confidential information about people.

However, many bank activities may be publicized. As a glance at the brief list in an adjoining column will show, these concern the participation of your bank and its staff in affairs of public interest. Such stories are not self-laudatory, nor do they take the place of paid advertising. They are factual and objective. They reflect the bank's place in the community; they tell what you and your personnel have done, are doing, and plan to do. Through them the public is enabled to see your bank as a very human place that is closely identified with the life of the city, town or village.

Newspapers Welcome News

You may be sure that your local newspaper will welcome bank news—but remember that it must be news and not free advertising. Sometimes the distinction is rather difficult for the layman to make, and it's a good rule to let the editor be the judge. After all, that's his business; you wouldn't think of letting him decide whether you should make a loan.

Newspapers, of course, publish both advertising and news; each complements the other. Revenue from paid advertising makes possible publication of the news just as deposits make possible loans. The news interest attracts readers, and your advertisements are made valuable because they are placed before large numbers of people. The purpose of advertising is to sell; consequently it is unwise and unfair to attempt to promote your services through the medium of "free publicity." Such a course will only harm your relations with the press, for you can be quite sure that your editor will detect the difference between an honest news story and a "plug." However, news stories may occasionally focus attention upon paid advertising and provide information that is truly educational. This is an important point when you are planning a program of publicity for your bank.

In looking for publicity material, always bear in mind the precept emphasized at the beginning of this article. *Names are news.* Said one editor, "The country press lives on the names of local people and places. If it can get a story containing those names, that is legitimate news, and nine times out of ten it will get into print. If your publicity releases carry the names of people known to your readers, they will be published. (There are, of course, exceptions to this general rule.)"

Another editor observed: "In a community like ours everybody knows almost everybody else, so with us names make news. And those who work in banks are just ordinary people, too—so when they go away on vacation, get promoted, marry, get sick, or do anything else of interest, that becomes news. That goes from the top man down."

Broadening out a bit, many of the more or less routine occurrences in a bank are newsworthy. Let's consider a few general types of stories that are to be found in all financial institutions.

Each year your bank observes the anniversary of its founding. Here's a chance to write a feature story (or to give a reporter the material for one) containing much interesting community history.

Another goodwill builder is the short story about the activities of customers, providing this can be published without violating any confidences. For example, Farmer Doe brings in a prize potato or other unusual, interesting product of his farm to be placed on exhibition in your bank lobby. The local paper is glad to print a story about such homely things; and the bank's name is mentioned with that of the farmer-customer. Also, stories about children are good "copy," especially when they emphasize young peoples' in-

telligence and initiative. The entire family is pleased; so are numerous friends and relatives.

Other bank stories that have legitimate news value include the annual Christmas savings distribution. Such a story might read something like this:

Merchants of Our Town can expect a record Christmas shopping season this year, says Richard Roe, cashier of the National State Bank. Reflecting the prosperous conditions which have existed here during the past year, the bank will distribute on December 1 approximately \$1,000,000 in its annual Christmas fund. The greater part of this money, Mr. Roe pointed out, will be spent in local stores.

Opportunity for Teamwork

Your bank is a business that has many problems in common with those of the stores along Main Street. You and they have a mutual interest in the community's economic health. Therefore it's a good idea for your bank to team up with other businessmen. One way to do this is through seasonal community activities. Each Spring most towns have a "Clean Up and Paint Up Week." Your bank probably advertises loans for modernization and home improvements in advance of this campaign, and you're missing a good bet if you don't tie in with this publicity by means of a good news story. One bank, for instance, made a count of the town's houses and then had an architect friend prepare a brief résumé about the points at which houses deteriorate. The banker wrote this news story:

Property owners of Our Town are in danger of losing \$2,000,000 this year, asserts Richard Roe, vice-president of the National State Bank.

Mr. Roe said today that the 2,500 homes in Our Town represent an investment of \$20,000,000 and that unless they are maintained properly they will lose about \$2,000,000 annually.

This loss results from such things as water leakage around window casings, flashings in the roof, and at the eaves. To prevent this loss requires annual maintenance which costs the property owners only a fraction of the amount they would lose if the necessary repairs are not made.

Local Slant to National News

One of the best services your bank can render its community is to keep people advised as to economic trends and to translate these trends to fit local conditions. Frequently you receive bulletins from the American Bankers Association or your state association on such subjects as farm land and real estate prices. Some of these bulletins are accompanied by news releases for publication in your local newspaper.

The value of this material is multiplied many times if it is given a local slant. Here's how one bank made an interesting



story out of a national news release. The lesson to be learned is that in Cole County the local situation with regard to inflation of farm land prices did not exactly follow the national trend and the local banker was familiar with the situation and so advised his customers:

Brisk Springtime Sale of Farm Lands Seen for Cole County

Springtime sales of farm land in Cole County are expected to be unusually brisk, says John Doe, president of the National State Bank, but there appears to be little likelihood of a repetition of the land boom of 1920 here. Local real estate brokers predict a pickup in land exchanges but little variation in present prices, now ranging from \$10 to more than \$100 an acre.

This picture was revealed today in a survey of local real estate agencies following a warning issued in New York by the Agricultural Commission of the American Bankers Association that farm land prices in 10 states are higher now than they were at the boom peak of 1920. The Association also said that in 36 states prices have increased more since the start of the war in 1939 than they did in the corresponding period of World War I. Missouri was not one of the states listed.

The wartime movement of people from the rural districts to defense areas and large cities, coupled with the failure of returning veterans to exhibit much interest in farming, has created an availability of good land in this vicinity, local realtors reported.

Interest in News That Hits Home

Soil conservation activities are news in rural communities because nearly all persons are interested in things that will improve their economic position. Banks are the largest lenders in the agricultural field, have a real stake in conservation, and can benefit from promotional activities.

If an officer of your bank serves on the conservation board, or if your bank is represented by an "outside man," you have opportunity to develop a series of news stories about increased yields from properly managed and conserved land. Such activities will pay dividends later when your loans are being paid from farm income derived from crops sold at more than normal peacetime levels.

Farmers Hear Advantages of Soil Program

Cape Girardeau County and Scott County farmers heard how close is the relation between cash farm income and industrial workers' wages in the United States at their second annual dinner meeting at Hotel Marquette on Thursday noon. The occasion was the recognition dinner honoring farmers who are participating in the soil conservation program of Cape Girardeau County.

With Clyde D. Harris, president of the First National Bank and chairman of the agriculture committee of the Chamber of Commerce, presiding, the farmers, guests of Cape Girardeau businessmen, heard Paul F. Schowengerdt, sales manager of the Cornell Seed Co. of St. Louis, and former soil specialist at the University of Missouri, speak on "Why Soil Conservation?"

Also Newsworthy

Fred N. McCollum, publisher, Forrest City (Arkansas) Times-Herald, suggests that these activities are newsworthy:

"Soil conservation suggestions, aids and accomplishments in your territory. Such stories serve as stimulants to those who have successfully engaged in these practices to continue their efforts, and offer examples to others."

"The work being done by banks in stimulating the sale of U. S. Savings Bonds is desirable news."

"Proceedings of stockholders' and directors' meetings; increases in the bank's financial structure; capital stock and surplus; record-breaking total deposits, and similar items are highly newsworthy."

"Any special encouragement furnished by banks to industry or agriculture is worth being recounted in the press. This would include sponsorship of new agricultural crops in the area, mechanical cultivation, the sponsorship or encouragement of livestock shows, or other practices tending to increase interest in the production of more and better livestock."

"We feel that any news that serves to acquaint our readers with the bank's efforts to develop the community is good news—for the community as well as for the bank."

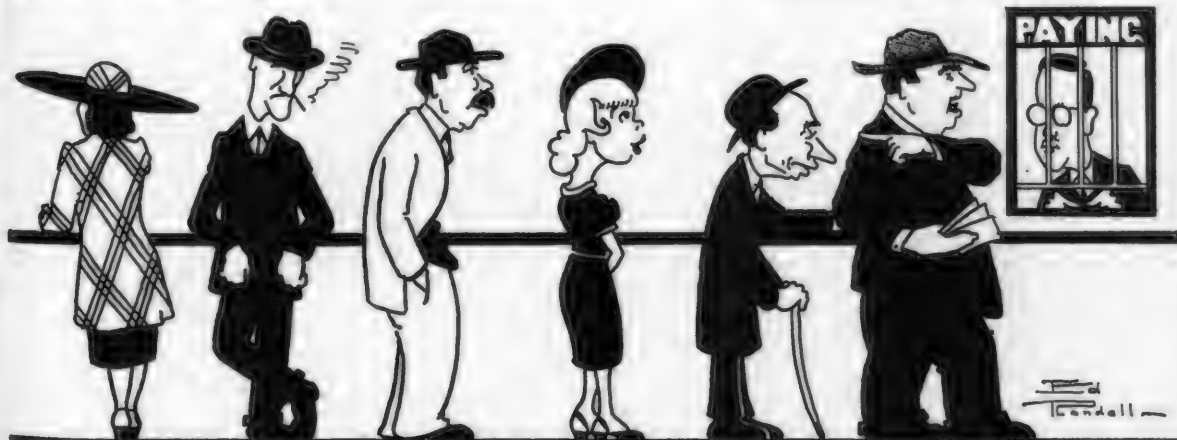
Youth activities provide one of the most productive publicity fields open to the average small bank, particularly in connection with such organized programs as the 4-H clubs and Future Farmers of America.

When a boy or girl receives a prize from your bank for a calf or other project, he or she becomes an active community partner of the bank in the further promotion of youth activities, and the fruits of this cooperation are extended if the youngster receives recognition by having a story published about his achievement in the hometown paper, perhaps with a picture of the award presentation.

Publicity like this is long in its effects. In addition to creating a future customer for the bank, you're certain to have a closer and more friendly relationship with all the young person's friends and relatives.

Fortunately for banks the 4-H club leaders and vocational agricultural teachers and county agents are usually taught to seek publicity about their activities, and as a result banks in every section of the country are getting favorable mention in their hometown newspapers. However, not all 4-H

(CONTINUED ON PAGE 114)





Maybe You've Met—

By J. WILL IRWIN

Drawings by DOUG ANDERSON



THE FUSSY FEMALE

Walks up to window without deposit slip . . . check is not endorsed . . . puts the teller to work and wastes time of everybody in bank.



THE MALE SHOW-OFF

Wants to be seen talking to trust officers. Thinks this stamps him as being a worldly man-of-affairs . . . a guy with plenty of moolah.



ONE EXTREME

The poor guy . . . has a look of guilt . . . is ashamed because he thinks every employee in the bank knows how small his balance is.



THE OTHER EXTREME

Lady of means . . . wants everybody to know it . . . flounces around as if she owns the bank . . . which she almost does.



OH, SO RIGHT!

Irate, wrathful customer discovers mistake in change . . . loudly indicates teller is an imbecile and should be working in a fish market.



OH, SO WRONG!

She knows she is over-drawn but makes a big to-do about protesting her innocence . . . never heard of such a thing.



GOSSIPY GAL

Gets chummy . . . wants to know who issued the check cashed by the girl ahead of her in line . . . not that she really c-a-r-e-s . . .



FORGOTTEN MAN

Looks like a bum . . . Don't let that fool you, he really has a million.



BIG SHOT

Demands super service . . . talks down to the president and chairman of the board . . . walks with everybody-knows-how-rich-I-am strut.



SOLID SAM

Comes in bank every payday at 12:15 sharp . . . deposits \$12.50 in savings account . . . never misses.

THE INVESTMENT MARKET

H. EUGENE DICKHUTH

MR. DICKHUTH is a financial writer on the staff of The New York Herald Tribune.

THE Treasury's September refunding program involving \$6,735,000,000 of the national debt was received with relative calm by institutional investors throughout the country, although it disappointed some who had hoped for a slight rise in interest rates.

The new offering of 1 percent notes in redemption of 1½ percent obligations due September 15, totaling \$1,687,000,000, and for a 1½ percent issue of \$2,707,000,000, will save the Treasury \$17,000,000 in interest payments.

That there was no change in Treasury certificates was cause for some surprise. The general expectation had been that the ¾ percent interest rate for 10 months would be increased slightly.

The announcement of a new 2½ percent long term issue by Secretary of the Treasury, John W. Snyder, concluded discussions about such a flotation which had been in progress virtually since V-J Day. Economists applauded the provisions that will make the new bonds eligible only for savings banks, insurance companies and similar investors as well as for commercial banks with savings deposits.

Judgment was reserved on the stipulation that the new obligations would not be eligible for trading in the market. Later decisions on the size of the new issue and its exact maturities will have to be studied before the full economic effect on the investing community can be appraised.

Two Conclusions Can Be Drawn

Two main conclusions, however, were drawn from the Treasury refunding program. One was the inferred discouragement of commercial banks against holding too many short term securities. The other was the extreme caution of the fiscal authorities in their policy because of the international situation.

The Treasury announcement coincided with Anglo-American negotiations for an alleviation of British loan provisions, it may be remembered, and the decisions were made also while the Paris discussions for a unified European rehabilitation program were proceeding. Inherent in both conferences is the proposal of substantial financial support by the United States.

Inasmuch as the Washington Treasury is expected to emerge as the principal lender, its own internal borrowing policy, it was felt, was formulated to anticipate European and, possibly, British requirements. The caution displayed by the refunding program, therefore, was regarded as amply justified after mature consideration of all factors.

Indeed, that further Treasury borrowing from the American public, perhaps in support of Europe, could not be ruled out was inferred from the closing paragraph of Secretary Snyder's statement which said: "It is the Treasury's intention to supplement its issues by the offering of securities suitable

primarily for institutional investment whenever the situation warrants such action."

Some Background

It is interesting now, two years after the end of the war, to take a backward look at some highlights of Treasury borrowing.

The victorious conclusion of the war in the Pacific in August 1945 marked also the near-end of an investment era of war financing in which the periodic offering of Treasury securities, together with Federal Reserve policies, had established mathematical formulas of rates and yields.

With the end of the conflict the Government's need for funds diminished rapidly as the wartime pattern of production was being unwound. To sustain the unwinding process the Treasury found it necessary to float a final Victory Loan in order to settle canceled government commitments which averaged \$1 billion a month for the quarter ended September 30, 1945. Separation pay for discharged military personnel was another substantial item of government expense.

The Victory Loan, which followed the seven war loan drives, began on October 29, 1945, but subscriptions from others than individuals were not accepted until December 3. Like its predecessor, the victory campaign surpassed its goal of \$11 billion by a wide margin and the Treasury's working balance reached a peak of \$26.2 billion by January 2, 1946—a far greater amount than was required for government expenditures.

These circumstances led to the institution of a large scale redemption program which had a profound effect on all markets and which marked the beginning of a new investment era. From March to December 31, 1946, about \$23.3 billion of marketable Treasury obligations were retired; from January 1 to June 30, 1947, total retirements were about \$8 billion. The Treasury met the redemption of its securities largely with funds withdrawn from war loan deposits in commercial banks and to a limited extent with balances on deposit with the Federal Reserve banks which on February 20, 1946 had reached the unusual high of \$940 million.

Bank Deposits in 1946

Large-scale calls on war loan accounts brought about a gradual reduction of bank deposits lasting throughout the year 1946, since the net withdrawals of the Treasury were greater than the increase of commercial loans which occurred as reconversion of industry proceeded.

This general reduction of banking resources and bank credit had a salutary anti-inflationary effect, but at the same time it foreshadowed a general decline of earnings from government securities which had become an all-important source of income for banks through the war years.

Strength prevailed in the market of government securities.

just where quotations stood in the latter part of January 1946 may be illustrated on the example of the 2s of December 15, 1954-52 which sold at prices equal to a yield of slightly less than 1.30 percent. Later the yield fell to 1.26 percent because of still higher prices.

Throughout this period there were discussions to the effect that the special rate of one-half of 1 percent at which member banks could borrow against short-term securities throughout the war should be eliminated. Each such hint created enough uncertainty to bring about intermittent declines in the market for Treasury obligations. The final elimination of the preferential discount took place on April 24, 1946. It was coupled with the removal of another wartime measure which freed the market for long-term government securities from the arbitrary limitation that daily fluctuations up or down were not to exceed $\frac{1}{4}$ point or $\frac{3}{32}$.

Fred M. Vinson, then Secretary of the Treasury, finally agreed to elimination of both measures on the specific assurance by the Federal Reserve Board that it would not be allowed to disturb the markets. The proponents of decontrol in these two fields found their arguments justified. Despite absence of support from the central banks or the Treasury's trust funds, the government securities markets regained relative stability.

A Change in Philosophy

Removal of these two measures also marked in a way a change of philosophy, departing to some extent from the extremely easy money policies prevalent up to that time. In the private market, the short-term money curve had risen notably. Loan rates to dealers in government securities had been increased by banks for nearly all classes of Treasury collateral. Following market developments, the Federal Reserve Bank of New York also boosted its acceptance discount. This was followed by a slight hardening of rates for various other loan groups.

In the Spring and early Summer of 1946, there was still outstanding a huge volume of loans on government securities made primarily to speculative holders of bonds from Victory Loan "basket." On June 19, 1946, loans on government securities to others than brokers and dealers still totaled \$1.6 billion in all member banks, or almost twice the amount of the low point preceding the Victory Loan drive. Inasmuch as liquidation proceeded very slowly, the presidents of the 12 Federal Reserve banks addressed letters to banks in their districts urging amortization and reduction of such loans. The American Bankers Association likewise released a report asking financial institutions throughout the country to "review their loans on Treasury obligations with a view of eliminating those which appeared to be serving speculative purposes." The suggestions were generally heeded, particularly as loans matured.

When the stock market turned weak in the second part of 1946, the technically inclined blamed, among other factors, the rising curve of short-term interest rates and long discussions ensued about the possible unpegging of the $\frac{7}{8}$ of 1 percent Treasury certificate rate, about the desirability of ending the long standing repurchase arrangements on Treasury bills, and about a possible change of reserve requirements in the central reserve cities.

There was also increasing talk of the advisability of a $2\frac{1}{2}$ percent Treasury tap issue, eligible for non-commercial bank investors. At this point it appeared fairly certain that the budget for the fiscal year ending June 30, 1947 would be nearly in balance.

Mr. Vinson's successor as Secretary of the Treasury, John W. Snyder, continued the practice of his predecessors in consulting with various segments of the investment community such as insurance companies, commercial and savings banks from time to time.

The Committee on Government Borrowing of the American Bankers Association met at fairly frequent intervals with the Secretary and Treasury experts.

Mr. Sproul's Opinion

Allan Sproul, president of the Federal Reserve Bank of New York, in a speech late in 1946 before the New Jersey State Bankers Association, commented there should not be "any reason for Treasury concern, if short-term rates are unfrozen," a view with which Marriner S. Eccles, chairman of the Federal Reserve Board, concurred.

Mr. Sproul asserted that despite such defrosting of rates, the Treasury would still be able to sell its short-term securities since "banks and other investors would hardly prefer to hold idle funds, from month to month, in anticipation of a minor change of rates which might not be forthcoming." In fact, he felt "the market for intermediate securities would be subject to greater uncertainty and therefore be less attractive, especially to banks, but the Treasury's long-term market need not be affected." Finally, he asserted, "the cost of servicing the debt need not be increased by a rise in the shortest term rates."

The only funding of debt "which has real meaning," he said, "is the sale of securities to non-bank investors and retirement of bank-held debt with the proceeds. That could be accomplished, so long as it is economically desirable, by stepping up sales of savings bonds faster and further and by sales of long-term $2\frac{1}{2}$ percent bonds — with rollover removed — to institutional investors."

It may be observed in passing that one phase of Mr. Sproul's suggestions was translated into reality when the Treasury introduced the "Bond-a-Month Plan" adapted to both payroll deductions and checking accounts. Such a plan had been in operation for as long as six years by a number of banks in various parts of the country. These facts were presented to the Treasury by A.B.A. officials in an effort to help make the technical features of the plan work on the basis of past experience.

"Overdrawn again am I? Ha, ha, where's that sense of humor, old man?"



The Country Banker



Are Farm Land Prices Leveling?

FARM land values for the United States as a whole now average 16 percent above 1919 and are only 5 percent below 1920, the peak year following World War I, according to the latest study of the Bureau of Agricultural Economics of the United States Department of Agriculture. Average values in 28 states are now equal to or above those reported in 1920.

For the country as a whole, however, values increased only 2 percent between March 1 and July 1, 1947, bringing the United States index to 162, the smallest overall increase in any recent reporting period. This represents a rise of 10 percent from July 1946 and a level of 95 percent above the 1935-39 average.

In March the Agricultural Commission of the American Bankers Association expressed the opinion that the peak in farm land prices was being reached. Latest indexes tend to confirm this opinion. Although in 27 states there were further sharp increases between March and July, in 11 states values turned downward and in 10 more states values remained the same as on March 1.

Regionally, the changes in land values during the March-July period showed the first declines since values started to rise sharply in 1942, the BAE study revealed. In the South

Atlantic and East South Central geographic divisions, farm land values on July 1 averaged 1 percent lower than those reported for last March. Average values were unchanged from March to July in the East North Central and Pacific groups of states. Values increased in the other five geographic divisions sufficiently to more than offset decreases elsewhere.

For the 12-month period ending March 1947 the volume of voluntary farm sales was the highest of record, being slightly above the previous peak reached a year earlier, said the BAE study. An increased number of farm sales during the Summer of 1946 more than offset the somewhat reduced volume of sales during the first part of 1947.

Farm buyers have paid cash in more than one-half of the purchases in each of the last three years. The proportion of loans made by commercial banks and individuals to finance purchases has increased substantially in recent years.

Another on-the-spot survey of farm land prices is now being made by the Agricultural Commission in cooperation with the 3,000 county key bankers. The results of the study will be incorporated in the Commission's semi-annual "Farm Land Price" bulletin which will be released to country banks about October 1.

Estimated Farm Real Estate Value Per Acre By States*

March 1, and July 1, 1947, With Comparison (1912-14 = 100)

State and Division	1915	1920	1941	March 1947	July** 1947
	Pct.	Pct.	Pct.	Pct.	Pct.
Maine.....	96	142	95	134	139
New Hampshire...	101	129	95	136	136
Vermont.....	104	150	101	166	166
Massachusetts....	98	140	113	145	147
Rhode Island.....	102	130	121	174	175
Connecticut.....	100	137	128	186	184
New England...	99	140	107	152	154

*Farm lands with improvements.

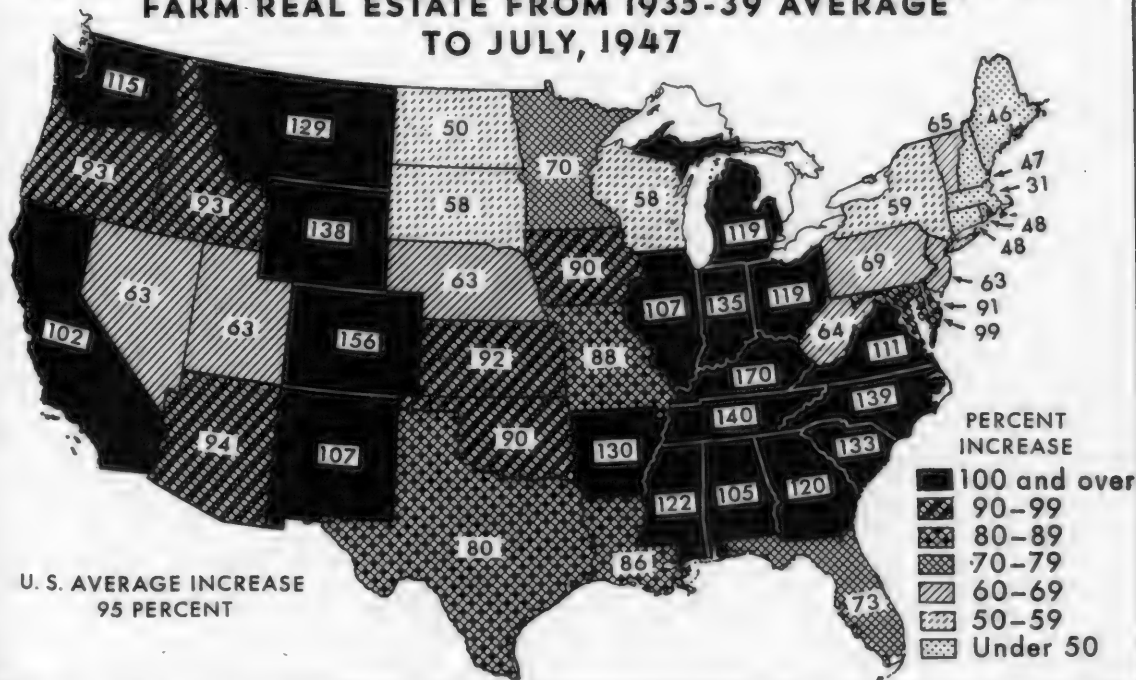
**Figures for 1947 preliminary.

State and Division	1915	1920	1941	March 1947	July** 1947
	Pct.	Pct.	Pct.	Pct.	Pct.
New York.....	100	133	86	138	136
New Jersey.....	100	130	121	185	186
Pennsylvania.....	100	140	90	143	147
Mid. Atlantic...	100	136	91	144	145
Ohio.....	107	159	80	158	159
Indiana.....	102	161	77	158	161
Illinois.....	102	160	76	141	141
Michigan.....	105	154	93	194	194
Wisconsin.....	104	171	82	135	136
E. N. Central...	104	161	80	152	152

State and Division	1915	1920	1941	March 1947	July 1947
	Pct.	Pct.	Pct.	Pct.	Pct.
Minnesota.....	107	213	86	143	145
Iowa.....	112	213	75	134	137
Missouri.....	102	167	60	113	111
North Dakota.....	103	145	52	92	97
South Dakota.....	101	181	40	77	82
Nebraska.....	101	179	55	108	114
Kansas.....	103	151	71	140	146
W. N. Central ..	105	184	65	119	123
Delaware.....	100	139	93	160	165
Maryland.....	104	166	105	196	194
Virginia.....	97	189	115	224	224
West Virginia.....	101	154	89	137	135
North Carolina.....	102	223	136	310	307
South Carolina.....	94	230	95	196	193
Georgia.....	94	217	87	173	168
Florida.....	97	178	134	226	226
S. Atlantic	98	198	110	217	215
Kentucky.....	100	200	114	264	262
Tennessee.....	100	200	113	243	238
Alabama.....	98	177	125	247	240
Mississippi.....	97	218	111	216	218
E. S. Central ..	99	199	115	246	243

State and Division	1915	1920	1941	March 1947	July 1947
	Pct.	Pct.	Pct.	Pct.	Pct.
Arkansas.....	95	222	100	214	214
Louisiana.....	95	198	121	205	205
Oklahoma.....	95	166	66	169	174
Texas.....	103	174	98	165	172
W. S. Central ...	100	177	99	170	176
Montana.....	100	126	57	117	122
Idaho.....	96	172	87	160	162
Wyoming.....	103	176	71	147	155
Colorado.....	93	141	63	141	149
New Mexico.....	100	144	87	168	168
Arizona.....	97	165	96	176	183
Utah.....	98	167	89	136	143
Nevada.....	102	135	71	107	111
Mountain	98	151	78	149	154
Washington.....	100	140	84	170	175
Oregon.....	99	130	85	152	154
California.....	111	167	122	244	244
Pacific	107	156	109	215	216
UNITED STATES	103	170	85	159	162

PERCENTAGE CHANGE IN AVERAGE VALUE PER ACRE OF FARM REAL ESTATE FROM 1935-39 AVERAGE TO JULY, 1947



U. S. DEPARTMENT OF AGRICULTURE

BUREAU OF AGRICULTURAL ECONOMICS

September 1947

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News for Country Bankers

Merchandising . . . Bank Operations . . . Legislation . . . Better Farming

This selection of news was compiled by MARY B. LEACH of BANKING's editorial staff.

Bank Credit to Farmers Shows Increase

AMERICAN farmers are currently using a substantially larger volume of bank credit than they did a year ago, according to an annual credit survey made by the Agricultural Commission of the American Bankers Association.

However, continuing high farm incomes resulting from the demand for all American agricultural products make it possible for farmers to repay their loans, even mortgage credit, within a comparatively short time. The Commission reports that the 5,859,000 farm families of the United States are using this period of prosperity to further improve their financial position.

During 1946, banks of the United States made 5,709,287 agricultural loans to 2,544,025 of their farm customers. The aggregate amount of these loans was \$4,195,491,000, of which \$2,104,913,000 remained outstanding on January 1, 1947. This was about \$300,000,000 more than a year previous. The 11,246 banks serving agriculture report that they had at least \$7,527,315,000 available for additional loans to farmers if the demand had existed.

The national study shows that the banks served 2,265,683 farmers with production credit in an aggregate amount of \$3,479,486,000; and of this amount, only \$1,292,198,000 remained outstanding at the first of the year. The banks also made Commodity Credit Corporation loans on crops in storage to 40,077 farmers aggregating \$122,920,000. Of this amount \$105,337,000 was outstanding on January 1. The farmers' short-term debt position is favorable, and, although they borrowed more money last year, the outstandings at the year end were low. Another favorable factor in the present situation is that farmers own substantial savings in cash, bank deposits, and United States Savings Bonds.

The banks made mortgage loans to 238,265 of their farm customers totaling



Five high school boys, members of Future Farmers of America, received \$100 scholarships to the University of Florida from the Florida Bankers Association at a FFA banquet in Daytona Beach. *Left to right*, Floyd M. Call, executive secretary, Florida Bankers Association; John Porter, Quincy; Dale Roberts, Wauchula; Frank McIntosh, Paxton; Billy Colson, Trenton; Gwen McCormick, Summerfield; and A. A. McKethan, president, Florida Bankers Association and of Hernando State Bank, Brooksville, who presented awards on behalf of the association

\$593,085,000. This brought the outstandings in long term mortgage credits held by the banks to \$707,378,000 at the beginning of this year. Even considering the present high prices of farm lands, the total farm mortgage debt in the United States remains approximately one-half of the volume that existed in the comparable period following World War I. The fact that farmers are paying off their mortgages from production income in an average of less than three years emphasizes the favorable position of American agriculture.

A possible source of danger lies in the trend toward the higher costs of production equipment and improvements. Another factor in the agricultural picture which bankers are watching carefully is the price of farm lands. Based on 1912-14 average of 100, the average of farm land prices in the United States reached 159 on March 1, 1947, compared with 170 at the peak of the land boom in 1920. During the past year, the increase has been 12 per cent.

Farmers to Be Heard on Long-Range Agricultural Planning

The viewpoint of farmers themselves on a long-range agricultural program for the United States will be sought by the House Committee on Agriculture this Fall in a series of 12 hearings spotted around the United States, according to Chairman Clifford R. Hope.

The cities selected in which to hold hearings include: Spokane; Salt Lake City; Kansas City; Madison, Wisconsin; Jackson, Mississippi; Lancaster, Pennsylvania; Fresno, California; Fort Collins, Colorado; Sioux City, Iowa; Temple, Texas; Rocky Mount, North Carolina; and Durham, New Hampshire.

Several weeks of hearings were devoted to long-range agricultural planning during the last session of Congress and will be resumed around October 1, when the committee will hear the Department of Agriculture and the principal farm organizations, on specific proposals with regard to parity price relationships, government controls, foreign agricultural trends, and similar matters.

In addition, consideration will be given as to how to make soil conservation more effective and to ironing out duplications in soil conservation programs. Soil conservation is now handled by three agencies, namely, the Soil Conservation Service, the Production Marketing Administration, and the Extension Service.

After about 10 days of hearings in Washington, the committee will begin its farmer meetings.

Farm Electrification

The Agricultural Commission of the American Bankers Association will be represented by an observer at the 1947

National Farm Electrification Conference in Indianapolis on October 7 and 8.

The conference is designed to bring together agricultural, industrial, and educational leaders concerned with the utilization of electricity on the nation's farms.

Bank Ads Feature Farm Themes

For the past year The Citizens Bank of Nashville, Georgia, has kept the readers of *The Nashville Herald* abreast of progress and developments in various phases of agriculture, including crop diversification, livestock improvement and soil conservation, through an original and unique series of pictorial advertisements.

The bank features timely topics of community interest in its advertisements, which are illustrated with pictures of local people. For example, in a page advertisement poultry and cattle show award winners were featured.

Tobacco has been Berrien County's chief crop and conditions, such as tenant farming and inadequate diversification and conservation, have tended to deplete the fertility of the soil. The Citizens Bank's advertisements are designed to stem soil depletion and to stimulate interest in conservation practices.

The bank's series of advertisements have won praise from prominent journalists, bankers and educational leaders.

Duties of Two Farm Service Men

Stanley D. Morrill and Tony Westra, both former county agricultural agents, head up agricultural service departments of the National Bank of South Dakota and the Security National Bank

P. L. Howard, left, cashier of The Citizens Bank; Marjorie West, teller; and A. W. Sterling, editor, *The Nashville Herald*, check a page ad reviewing the bank's pictorialized advertisements



of Sioux Falls, Sioux Falls, South Dakota. Both Mr. Morrill and Mr. Westra have farm background experience and both are agricultural college graduates.

Mr. Morrill was a county agricultural agent for eight years; had 10 years of farm loan and farm management experience and one year at cattle ranch management before joining the National Bank of South Dakota. His entire time, according to President Tom S. Harkison, is devoted to the bank's farm and livestock customers. He not only looks after their banking needs, but gives them the benefit of his experience.

After attending South Dakota and Michigan State Agricultural colleges, Mr. Westra served as agricultural agent in the Sioux Falls area. The Security National Bank of Sioux Falls, according to President Ralph M. Watson, established its agricultural service department a year ago to give its rural customers facilities for personalized agricultural service. The department's facilities extend to the bank's branches in other South Dakota communities.

Mr. Westra and Mr. Morrill work closely with the country agricultural agents, 4-H Club and Future Farmers of America leaders, Soil Conservation

districts, crop and livestock improvement groups, and county and state fair officials.

Mr. Westra has made more than 500 "on the farm" visits since the establishment of his bank's farm department. He is responsible for a regular monthly agricultural news letter, "The Northwest Farm News," which is sent to more than 4,500 rural customers, and has a regular 15-minute radio broadcast each week over Station KSOO. He presents up-to-the-minute livestock market trends and other agricultural information. When requested, he gives advice on agricultural techniques.

A Progressive Farm Loan Program

A progressive farm loan program was started three years ago by The Hartford-Connecticut Trust Company of Hartford, Connecticut, through advertisements in the *Connecticut Market Bulletin*. This is a free publication sent to 10,000 farmers by the State Department of Agriculture three times a week. The bank also advertised its loan facilities in county farm bureau publications.

A year later the bank expanded its farm loan service to include farm mortgages, which are held for two years and then assigned to a life insurance company. The bank's mortgage loans, of which it has a substantial volume, average \$7,000.

In recent months the bank has built customer goodwill through radio advertising on an early morning "Farmers' Digest" program and through the distribution of measuring tapes to dairy farm customers for use in estimating the weight of cattle.

Roy Schabel, the bank's farm loan manager, represents the bank at fairs around the state. At these events a large illustrated display is set up and pamphlets and circulars passed out

Mr. Morrill, left, and President Harkison



Mr. Westra with Commentator Les Harding



to advertise the bank's services. Eleven members of the bank's staff attended the recent Farm Credit School at the University of Connecticut.

The bank now has short-term agricultural loans outstanding as follows:

Type	Percentage of Total Number of Loans	Percentage of Total Amount of Loans	Average Loan
Dairy.....	44%	56%	\$2,490
Crop.....	35	17	6,766
Poultry.....	18	22	2,624
Miscellaneous . 3	2	5	1,860

The above figures do not include advances to cattle dealers and to farm suppliers. Short-term loans increased 230 percent during 1946 over 1945.

Bank's Aim Is More and Better Farm Business

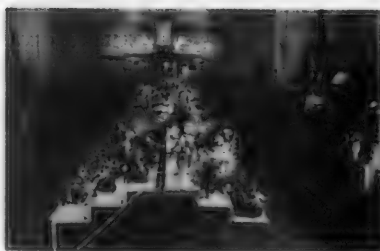
The First National Bank of Minot, North Dakota, has a farm service program tailored to the varied needs of its customers. To attract more and better farm business, the bank participates in practically all community activities bearing on agriculture. Because North Dakota ranchers need more credit than the country banks are able to supply, the First National's credit facilities are utilized within a 150-mile radius of Minot. L. E. Arndt, livestock agent, supervises the bank's farm-service program, the broad outlines of which are:

(1) An aggressive loan policy to compete with government lending agencies. This includes the matching of interest rates and keeping costs of abstracting, inspections, etc., at a minimum.

(2) The bank acts as a clearinghouse for up-to-date information on markets and agricultural developments generally.

(3) A 4-H Club program, which includes financial aid to boys and girls buying livestock and assistance to 4-H leaders. "We have never lost a penny and all loans have been paid promptly," said Mr. Arndt of the bank's 4-H lending.

(4) Each year the bank either sponsors or cosponsors farm educational meetings and shows. These include a Farm and Home Week in February at the Minot State College, which is attended by about 1,500 farm men and women. Intensive short courses on all phases of agriculture are given. In October, for the fourth time, the bank will cosponsor the National Columbia Sheep Show and Sale. Last year the world's record of \$2,750 was paid for a prize-winning ram at this sale. In the Spring the bank cosponsors shows and



Annual city flower show in lobby of the First National Bank, Minot, North Dakota

sales of purebred registered Hereford cattle and of purebred registered Short-horn cattle, and in September a sale of registered dairy cattle. The city flower show is held each Summer in the bank's lobby.

(5) The bank's representatives attend meetings and gatherings of farm people, round-ups at ranches, and otherwise keep in close touch with agricultural developments in the Minot area.

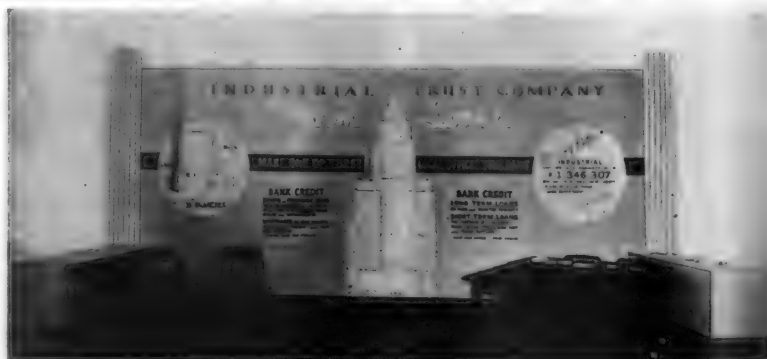
(6) The First National assisted in the establishment of the North Central Experiment Station several years ago and cooperated with the superintendent in developing various projects. It is now helping him to organize a series of field days, during which trial plots and demonstrations will be exhibited.

For seven years Mr. Arndt has been secretary of the North Dakota Stockmen's Association. The association has 11 full time employees, who make brand inspection for the entire state. Mr. Arndt also is a long-term chairman of the agricultural committee of the Minot Association of Commerce. These posts, in addition to his bank work, make it possible for him to keep a close contact with agriculture.

Bankers School of Agriculture

Instruction of bankers in the fundamentals of successful farm management

Farm Loan booth of Industrial Trust Company, Providence, at the Rhode Island Farm show. Placard at the extreme right testified to the \$1,346,307 in farm loans, short-term and mortgage, made by Industrial in 1946



so that they will be better able to serve their farm customers was the chief purpose of the five-day Bankers School of Agriculture at Ithaca, New York, during August. This is the second year that this school has been sponsored by the New York State Bankers Association in cooperation with the State College of Agriculture.

Seventy-seven officials from 51 banks in New York and from financial institutions in Massachusetts, New Jersey, Ohio, Pennsylvania, and Virginia attended the school.

Seven courses were given, as follows: Farm management, agronomy, dairy husbandry, poultry husbandry, vegetable growing, farm labor efficiency, and marketing. Classroom lectures were combined with field trips to nearby farms and experimental stations.

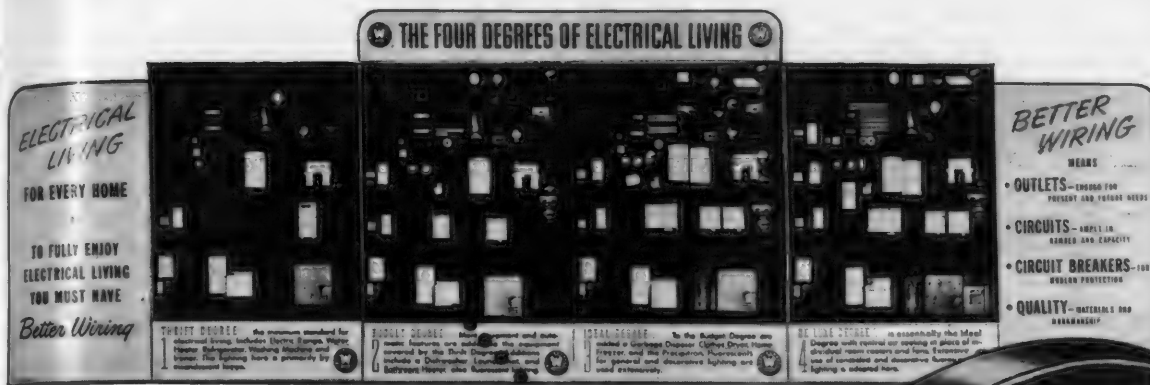
Kentucky Banks Appoint Farm Representative

The Kentucky Bankers Association is the first state bankers association to appoint a statewide agricultural field representative to supervise its broad program for improving agriculture. He is John F. Graham, former county agent of Coldwell, Kentucky. He will have his headquarters in the association's offices in Louisville.

Mr. Graham will serve as a liaison to cement relationships between bankers and farmers. He will start his program with five farm meetings, and, among other things, will encourage a larger crop return per acre, stimulate interest in better livestock production, improvement of grass farming, and soil conservation.

Another important function will be to advertise the willingness and desire of banks to supply credit to their farm customers through contacts with county agents, soil conservationists, Smith-

(CONTINUED ON PAGE 127)



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A Veterans' Rental Housing Plan

THEY were sitting in the club car one evening late last Winter, these bankers and contractors from Worcester, Massachusetts, homeward bound from the Chicago convention of the Master Home Builders Association. The bank men's interest in that meeting and its discussions of the national housing emergency had been keen, and they were returning, with their builder friends, hopeful that Worcester could do something about its own problem, which included homes for several hundred veterans.

The group's conversation on the train that night was shop talk: housing legislation, the materials shortage, costs, and particularly the urgent need for action. Finally one of the bankers said:

"Boys, talk never poured an ounce of concrete or raised a two by four. Back home we've been chewing this thing over for several months, in Chicago we gabbed a lot more, and we've spent this evening batting around ideas. Now let's *do* something."

Sure we should, said the others—but what? . . . Well, maybe we can all get together, with the city government and the architects, and put up some houses cooperatively. There's the Cleveland Plan, the Rochester Plan, the Milwaukee Plan, and several others. Why not a Worcester Plan?

Today there *is* a Worcester Plan, and as this is written steamshovels and bulldozers are activating it on a 13-acre tract at the edge of Worcester. By late Summer construction is scheduled to start on 50 duplex frame houses which will provide rental housing at \$45 a month plus taxes for 100 veterans' families. And by the time the first snow lies on the New England hills the site overlooks, some of these lucky ex-servicemen will, if all goes well, be occupying new, modern, five-room houses, with the privilege of buying them after five years.

THE Worcester Plan is a community plan. Drafted soon after the bankers and builders returned from Chicago, it represents the cooperative effort of the city's five mutual savings banks, the municipality, the Master Home Builders Association of Worcester, the Chamber of Commerce, and the Worcester Society of Architects. Several civil engineers are also aiding.

The project, involving the expenditure of about \$850,000, is being financed by the savings banks which have created a trust—named the St. Nicholas after the section of the city in which the site is located—for the purpose.

A non-profit trust was formed by the Bay State Savings Bank, Peoples Savings Bank, Worcester County Institu-

tion for Savings, Worcester Five Cents Savings Bank, and Worcester Mechanics Savings Bank. They are sharing the financing by FHA mortgages, terms of which require amortization over a period of 25 years; any savings which may be made above the necessary amount needed for operating costs and amortization will be reflected in lower rentals for the tenants.

Eleven Worcester builders are to construct the 50 two-family houses. These firms are working without profit, and with the assurance that supply dealers will furnish the materials at cost plus delivery charges. Worcester architects have given their services in preparing the plan for utilization of the land in drawing blueprints for the houses.

Each home will have a full basement; a large living room, kitchen and dining room on the first floor; two bedrooms and bath on the second floor. Gas heating will be used. The houses will be varied architecturally and the 70 by 100 foot lots will be landscaped. Several streets are being laid out. Stores and a bus line are within walking distance.

The City of Worcester is contributing the sewers and the streets. At no time will the houses be tax free; after five

Some of the Worcester men who are working on the veterans' housing development: *l. to r.*, Joseph W. Carney, People's Savings Bank; Charles L. Briggs, builder; Joseph Katz, builder; Clayton W. Adams, Worcester Mechanics Savings Bank; Clark B. Sundin, builder; Harry L. Gustafson, Worcester Chamber of Commerce; G. Allen Huggins, Worcester County Institution for Savings; Frank R. Heath, Jr., Worcester Five Cents Savings Bank; Anthony J. Mallozzi, Bay State Savings Bank; John A. Olson, builder



years of rental use they may be offered for sale, first to their veteran occupants and then to the public.

Each of the five banks in proportion to its size has assumed responsibility for the construction loans, each is working with its contractors (one or more of the 11) who are to build the houses, and each will be responsible for maintaining its dwellings.

The rental problem—and it's a big one—is in the hands of a secret committee chosen from prominent citizens who are in no way identified with any bank or building firm. These men are drafting a set of eligibility rules for tenants, giving top priority to men with families. Naturally, there will be a long list of applicants, but it is expected that the task of selection will have been completed by the time the houses are up.

THE first formal step toward getting the St. Nicholas development under way was taken last March when the Master Home Builders Association, a council of the Worcester Chamber of Commerce, appointed a committee to meet with a group of interested bankers, including those who had taken the Chicago trip. This contractors' committee, comprising Association President William C. Anderson, John A. Olson, Clark B. Sundin and Milton A. Thompson was extended by the addition of these men:

Clayton W. Adams, assistant treasurer, Worcester Mechanics Savings Bank; Oscar A. Anderson, executive vice-president, Guaranty Bank & Trust Company; Joseph W. Carney, manager, real estate department, Peoples Savings Bank; Laurence H. Cross, assistant treasurer, Worcester Five Cents Savings Bank; Ralph Hager, assistant treasurer of that bank; Percy H. G. Harris, treasurer, Peoples Savings Bank; G. Allen Huggins, mortgage officer, Worcester County Institution for Savings; Anthony Mallozzi, Bay State Savings Bank; Jasper Rustigian, Worcester Society of Architects; and Harry L. Gustafson, assistant general secretary, Worcester Chamber of Commerce, chairman.

The enlarged committee met frequently and discussed plans adopted by other communities. It also sent a delegation to Rochester, New York, to study the bank-financed veterans' housing development now in service in that city. It was found that some features of the Rochester Plan were inadaptable to Worcester; others could be and were used.

An option was taken (and subsequently exercised) on a suburban tract on the northern outskirts of the city—land that had once been intended for development purposes and seemed well suited to the new purpose.

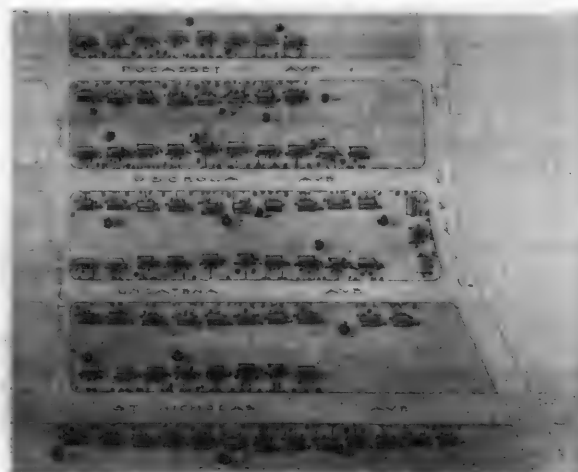
The trust under which the Worcester Plan operates is the Massachusetts counterpart of corporations which have been formed for similar purposes in some other sections of the country. It was created "for the purpose of alleviating the present housing shortage and expediting the construction of dwelling houses in the City and County of Worcester," and its articles provide that no part of its net earnings "shall inure to the benefit of any individual or corporation excepting to the City of Worcester." The trust may be terminated by the trustees and must terminate 20 years after the death of the last survivor of the original trustees.

"During the continuance of the trust, the trustees shall use the profits and other income from the trust for the payment of mortgages or other obligations of the trustees, or for the establishment of reserves as herein provided, and shall not be obligated to pay any part of such profits or income to the beneficiary until the trust shall be terminated.

"Upon the termination of the trust by expiration of the



Above, front elevation of one of the proposed duplex houses for Worcester veterans. Architectural variations will be used to avoid monotony. Below, a drawing of the development



period for which it is established or earlier by action of the trustees, the trustees shall sell or otherwise dispose of all the trust assets, and after the payment of all debts for which the trustees may be liable, the net proceeds shall be turned over to the City of Worcester."

The trustees, each of whom, with the exception of Mr. Gustafson, is also a trustee of a Worcester mutual, are: Carl R. Brownell, Peoples Savings Bank; Henry H. Forbes, Worcester Mechanics Savings Bank; Albert Palmer, Worcester County Institution for Savings; Timothy S. Shea, Bay State Savings Bank; and Mr. Gustafson.

ALL who are taking part in this community enterprise speak enthusiastically of its benefits, not only to the fortunate veteran occupants who will be pardoned for believing that St. Nicholas lent his spirit as well as his name to the development, but to the varied groups that are making it possible. Relations between bankers and builders in Worcester, long cordial, are being reinforced through the daily contacts necessitated by the planning and the work of construction. And needless to say, none of the cooperators underestimates the public relations side of what is being done for the veterans of this progressive Massachusetts city.



Bank Program for Home Planners

IN January 1945, *BANKING* reported the organization of a "Home Institute" by the Northwestern National Bank of Minneapolis (Minnesota). Since that time, the Institute has grown, added new features including a novel family budget service, and has become familiar to visitors from over half the states in the union and from such far-away places as Australia, Hawaii, South America, Canada, Alaska and Norway. Since October 1944, when the Home Institute first opened its doors in the bank's lobby, 145,000 people have visited this special department. It has developed into one of the important focal points of the bank's public relations and its service goes a long way in making friends for the bank.

Briefly, the Institute, as reported in *BANKING* when it opened, was "a combination manufacturer's exhibit room, savings club, and bureau for financing and mortgage information, with special services added. It was designed to eliminate the guesswork in planning the new home or remodeling the old one and was intended to answer the puzzling questions of application and costs of new materials. It was set up to guard the home planner's practical and artistic interests in home building, and to show him how his income and budget can be apportioned to the blueprint of his home, when supplemented by a tailor-made mortgage."

The lobby entrance of the Institute resembles the exterior of a colonial home—shingled outside wall, shuttered window, garden bench, flagstone terrace and flowers, and is an invitation in itself to come in and explore what modern manner of banking this may be.

The only fixed feature within the Institute is the library where comfortable chairs and desks enable the reader to spread out his materials and study as he will. The library contains over 100 different books devoted to home design and decoration and is augmented by a literature rack where visitors may help themselves to free descriptive material.

A recent addition to the library is a wallpaper display. Loose papers of unusual design are displayed on swinging wing panels and additional paper is contained in sample books, enabling visitors to inspect all of the latest patterns whether machine printed or done by hand. Prices of the paper range from 20 cents to \$25 a roll.

In an effort to present the story of building via visual maneuver, manufacturing displays are predominant throughout the Institute. None of the booths is manned by salesmen but must be illustrated in copy, picture or model form. Institute attendants answer routine questions regarding displays. Some of the outstanding displays to date have been the Ingersoll utility unit manufactured by the Ingersoll Steel Division of the Borg-Warner Company, a radiant

heating display by Byers Manufacturing Company, 12 scale-model kitchens, Serval full-scale packaged kitchen, a room precipitator for removing dust and pollen from air by Raytheon Manufacturing Company, built-in sections showing various types of construction, plastic counter table top coverings, and double glazing manufactured by Libbey-Owens-Ford known under the tradename Thermopane.

In addition to displays, exhibits of special interest such as model homes are occasionally brought into the department. Those that have already been shown include an exhibit of modern homes by *House and Garden*, several houses that have appeared in recent issues of *McCall's* magazine, and models of houses designed by local architects who have made their plans available to the public through an organization known as the Architects Home Plan Institute.

For the past two years, the Home Institute has also sponsored a model home contest for the senior architectural engineering class of the University of Minnesota. Four prizes are awarded for the four best model homes designed during the year. The winning homes are displayed in the Home Institute and the display windows of the bank building.

Possibly the biggest promotion the Institute has undertaken to date is the sponsorship of the "Idea House" being built by the Walker Art Center of Minneapolis. This is a most unusual home, incorporating almost every modern idea of construction and design. Upon completion, the home will be open to the public. It is estimated that 100,000

(CONTINUED ON PAGE 60)

Miss Marion E. Mattson, budget counselor



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Bank Program for Home Planners

(CONTINUED FROM PAGE 58)

persons will inspect this striking piece of architecture and come to know it as a project of the Home Institute. During construction, a model is being displayed in the Home Institute along with isometric drawings of the interior as they are to be upon completion and progress photographs showing the state of construction the house is in each week.

The Home Institute Club which today numbers 7,700 members has many benefits. There are no dues or charges; the only membership requirement is the intention to build a home or remodel an existing structure. Members are informed via the Institute mailing list of new and unusual building activities, new displays in the Institute and anything else of interest to home conscious people. Plan books of the Architects Home Plan Institute are made available to them through the Institute at reduced prices.

The Institute sponsors a series of six lectures each season on topics of home design, building, decorating and furnishing. Members may attend these lectures free. The lectures, which have an average attendance of 500 people, are all given by men and women who are prominent in their respective fields. Some prominent guest speakers have been: George Fred Kech, nationally known architect; E. L. D. Seymour, horticultural editor of *The American Home*; Mary Davis Gillies, interiors and architectural editor of *McCall's*; Johns Hopkins, well-known decorator; Carl Boested, head of housing research division of Purdue Research Foundation; and Elsie Stapleton, budget authority, who also installed her budget advisory plan in the Home Institute.

The bank initiated the budget service in January of this year, following a Gallup poll which indicated that the principal concern of the average man is to get more value and more savings out of his income.

Miss Marion E. Mattson who had been with the bank for many years and had learned much of banking and general human relations was selected to handle budget counseling. She is a regional vice-president of the Association of Bank Women and has been elected an assistant cashier of the bank.

Elsie Stapleton, budget counselor for Wanamakers and later for Gimbel's in New York City, was invited to Minneapolis to instruct Miss Mattson in her methods. Miss Stapleton's visit was written up in 16 news stories in the local press, including an entire column by the city's leading columnist, and several feature stories. Fifty of the town's leading women were invited to a luncheon for Mrs. Stapleton. The Life Underwriters Association featured her at a luncheon meeting with a record crowd of 250. She addressed a capacity audience of 600 at the regular monthly meeting of the bank's Home Institute Club.

Mrs. Stapleton counseled with veterans' groups at the University of Minnesota, appeared on two women's radio programs, and found time to work out several specific budgets in collaboration with Miss Mattson.

Since the time that Miss Mattson opened her newly decorated and furnished office in the Home Institute, she has been consistently busy. In less than three months she interviewed 249 people and appeared before nine audiences.

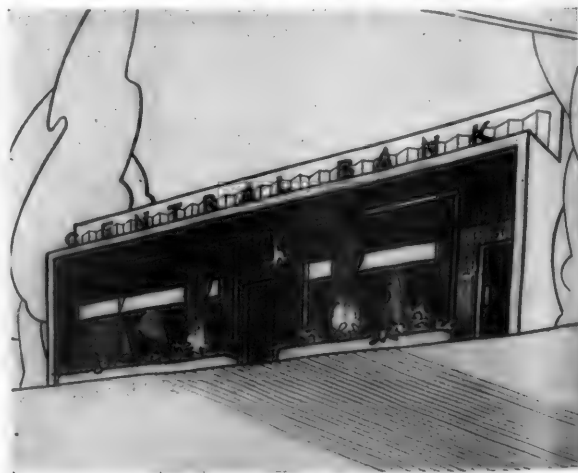
An indication of the reception the Home Institute has received among contractors of the city is reflected in the number who bring clients into the Institute to view construction and fixtures. The Minnesota Chapter of Institute of Architects has cooperated in furnishing advice and speakers.

The Home Institute guest book has its share of unusual names. Hermando Zahamon, architect from Zogoti, Columbia, South America, spent several hours in the Institute library in pursuit of home designs adaptable to his native land. Mrs. Marie K. Gedge, assistant cashier of a bank in Honolulu, Hawaii, visited the Institute in hopes of bringing back information to enable her to open a similar department.

Requests for building information frequently run to the unusual. Recently a lady searched the library thoroughly for information on room decorations for dogs. She had a room in her home that she wanted to redecorate for her pet.

The Home Institute operates as an indirect form of public relations, benefiting the whole bank as well as the mortgage department. It has proved itself a vehicle for bringing in mortgage business, though no effort is made on the part of the Home Institute personnel to accomplish this purpose. Among the members of the Institute alone, there is a total planned home construction of \$51,863,000.

Trends in bank architecture: Left, Wishon and Olive branch of Security-First National Bank of Los Angeles expects to move into this new home around the first of the year. Right, New quarters under construction for Montclair branch of Central Bank of Oakland, California



skylines... by Otis



In metropolitan New York, for example, there are 26,188 Otis elevators—more than all other makes combined. So it goes in all the cities of America, and many abroad. Creator of skylines? It would certainly seem so!

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1928 —this was the year Recordak was “born” . . . the year the first automatic microfilming equipment was installed in a bank. It was also the year Recordak made its bow as a bank systems specialist: the Recordak Transit System which it introduced at that time, is today used in most of the country’s leading banks.

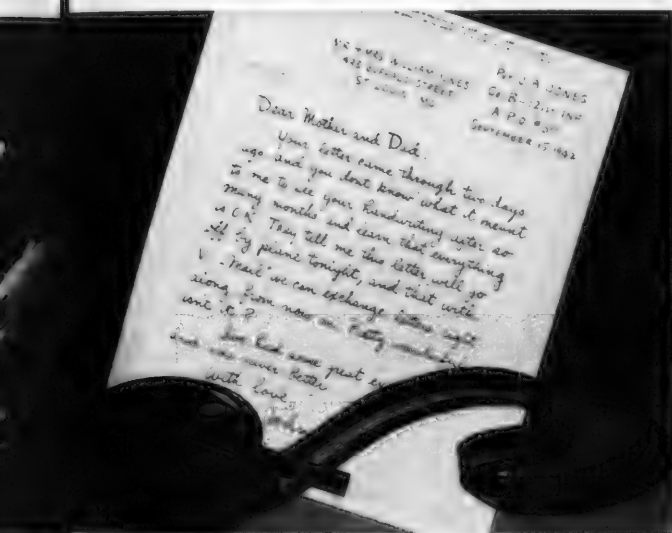


1931 —year of more great systems triumphs for Recordak . . . one in banking, one in retailing. Its unique Recordak Single Posting System was installed in the nation’s largest bank bookkeeping department. Its now widely used Recordak Sales-check Billing System—based on the Single Posting System—went into its first department store.



1936—this was the year Recordak introduced its Reversing Recordak machine to the banking world. A major development in the photographic banking machine field, this new Reversing Recordak machine enable banks for the first time to photograph the front and reverse sides of checks and other documents . . . automatically.

1938—This was the year Recordak came out with its Junior model—the model that permits even the smaller banks to take full advantage of photographic methods: 700 were installed in seven months. It was also the year Recordak introduced hospitals to the benefits of handling case history records photographically.



1942—Recordak went to war . . . it provided the photographic equipment that made possible both the British "Airgraph" System and the American "V-mail" System. It also provided a major part of the microfilming equipment that Government, the armed forces, and industry used to safeguard vital records from bombing and sabotage.

1947—Recordak begins its 20th year. Acknowledged leader in the field of photographic banking systems, Recordak today has its equipment . . . its systems . . . in approximately 900 of the 1000 largest banks in the country. Is confident of even greater acceptance when its latest and greatest research developments are released.

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Building News

Housing Reorganization Plan

SENATE approval put into automatic effect the Presidential reorganization plan to put under a single administration the major housing agencies of the federal government. The Senate rejected a House proposal to kill the plan.

The measure sets up a Housing and Home Finance Agency for general supervision and co-ordination of three existing agencies: the Home Loan Bank Board, the Federal Housing Administration, and the Public Housing Authority. It also provides for a National Housing Council, consisting of representatives from the three main constituents, the Veterans Administration, the Reconstruction Finance Corporation and the Department of Agriculture.

Advice to Home Buyers

"Anyone buying a home should keep this important fact in mind. The *more* your down payment is, the *less* your house actually costs you," the Rhode Island Hospital Trust Company (Providence) warns in its advertisements.

"Taking a \$10,000 house as an example, here's the way it works:

"Mr. A. pays down \$4,000. By paying \$47.45 monthly, he pays off the \$6,000 mortgage loan plus \$2,541 interest in 15 years. He has paid a total of \$8,541.

"Mr. B. pays down \$5,000. He, too, pays \$47.45 monthly. But in his case the \$5,000 loan plus \$1,595.55 interest is paid off in approximately 11 years, seven months. His total payments are \$6,595.55. Besides, his home is 'free and clear' about three years and five months sooner than Mr. A's.

"Before you buy, better see the Hospital Trust Company about this important point."

Building Code Publications

Two publications designed to aid building officials and others interested in the modernization and revision of building codes have just been issued by the construction division, United States Department of Commerce. "Publications Relating to the Preparation and Revision of Building Laws," and "Work

Sheet for Checking the Dates of Standards and Specifications Incorporated by Reference in Building Laws," were compiled in response to widespread interest in the problem of improving and modernizing building laws in communities throughout the country. They may be obtained upon request from the construction division, Department of Commerce.

Solid Fuel Industry Study

Sponsorship of the University of Illinois' study in residential planning for homes heated by coal has been enlarged to include the major portion of the solid fuel industry, according to Professor William H. Scheick, co-ordinator of the Small Homes Council of the university, which arranged the study. Originally established last September as a research project under sponsorship of Bituminous Coal Research, Inc., this architectural study now has as additional sponsors the Anthracite Institute and the American Coke and Coal Chemicals Institute. Under direction of Professor Loring H. Provine, head of the university's department of architecture, applied research is being done in architectural design to develop house plans and other information which will promote maximum satisfaction with solid fuels for residential heating. The project involves an analysis of trends and consumer tastes in residential planning, a study of equipment and methods for handling and burning solid fuels in the home, and a study of factors in functional design which will combine heating comfort, convenience, cleanliness, economy and safety.

A Look at Prefabrication

"Prefabrication has become a glamor word in home building. . . " states Miles L. Colean, Washington, D. C., architectural consultant, in the twentieth bulletin in the American Bankers Association's mortgage merchandising series, which is a promotional service for member banks.

"Although prefabrication is not new either as an idea or an actual method of production (there were a number of successful prefabricators before the war), it is still in its developmental stages, and its ultimate advantages are still far from realized.

"At the present time, it must yet be looked upon as an alternative to the normal methods of building a house. It may or may not be available to you depending upon the presence of reliable dealers or agents in your community and

upon the attitude of local building authorities, labor organizations and others toward it. If available, it may have some advantages (as well as some disadvantages) over conventional methods of building. This bulletin is to point out what its present possibilities for you may be," Mr. Colean concludes the introduction to his informative article entitled, "What Does Prefabrication Mean to the Home Builder?"

Then and Now

The First National Bank, Adams, Massachusetts, announced the opening

of its remodeled quarters in a charming booklet which told the story of the bank's beginning and showed contrasting pictures of the bank then and now.

The 83-year old bank commented: "As nearly as can be determined, there is now doing business in town but one business concern which was in operation when this bank was organized and that concern has been reorganized under different ownership. The bank has shared with the community the good and bad experiences which must occur in a span of 83 years, but from each adversity it has emerged in a stronger position than before."



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Member Federal Reserve System • Member Federal Deposit Insurance Corporation

World Bank Looks Before It Lends

(CONTINUED FROM PAGE 39)

Experience Best Teacher

"Yet," continued Mr. Black, "both England and Holland profited from those early lessons and grew to economic greatness through the skillful and judicious use of investment capital by assisting in the constructive development of other lands. Markets for British and Dutch products grew steadily and, as the world's total production and wealth increased, standards of living rose.

"Perhaps no nation profited more from the productive use of old world capital than our own, but we must remember that behind that lending lay generations of experience as world bankers, traders and investors. Admittedly the English and Dutch made many individual investment mistakes through the years but the over-all effect was to stimulate a long period of world economic progress.

"Unquestionably we have taken to heart many of the most palpable errors of our abortive attempts at foreign lending during the 1920's, but it is highly doubtful if we have yet learned the complexities and ramifications of international finance well enough to be appreciably successful without calling upon the accumulated experience of the practical bankers of the old world.

"It is here that any analysis of the World Bank is worthy of emphasis. In the first place, all 45 member nations have contributed capital to it. They are its owners.

"As owners, the member countries have a vital interest in the bank's success, but the interest goes deeper than that. Member nations with generations of experience as creditor nations see in it a sound vehicle for making constructive loans which will benefit not only the borrowing and lending nations but the entire membership and lead to a sound growth of multilateral trade. With this in mind, they have sent top-flight executives to take part in its management and operations. The experience of these men has proved invaluable in establishing and molding the bank's loan policies and procedures.

Defaults of 1920's

"A study, made by the bank's research department of foreign dollar financing during the 1920's, brings into clear relief the fact that many of the defaults which occurred when the world depression hit were induced by basic weaknesses in national economies.

Many Latin American countries, for example, were almost entirely dependent upon world markets for one or two commodities or minerals. When the bottom fell out of them, as it did almost overnight, domestic economies collapsed, foreign exchange became impossible to obtain and defaults were inevitable, regardless of the will to pay.

"Similarly, western European economies were not geared to modern mass production methods. Import quotas, high tariff schedules and other man-made trade-barriers were resorted to by one country after another in an effort to sustain high cost industries against similar industries a few miles away and across a neighboring border.

No Carefree Lending

"The bank, in establishing its loan policies, is determined, therefore, to go much deeper than correcting the more glaring errors of the carefree lending period of the 1920's.

It is studying national economies from the standpoint of correcting basic imbalances and with due regard to the economies of neighboring countries, whether or not they happen to be members of the bank."

Mr. Black stated that the bank, for example, would not normally lend funds to assist in the development of a chemical industry in a member country, if the bank's studies showed that cheap power and the necessary resources were not available to assure ultimate production at costs comparing favorably with world costs for similar production. On the other hand, the bank can—and does—make suggestions for the economic development of a member country to provide better balance to the economy as a whole. Such suggestions may include expansion of agricultural production as well as suitable industrial projects.

"It is apparent that this broad approach to establishing a sound world economy requires that the bank be staffed with experienced practical economists and specialists thoroughly familiar with the regional areas for which they are responsible, and this would not be possible were it not for the international character and ownership of the bank," Mr. Black added. "The loan department, for instance, is currently staffed by 32 executives from eight member countries. They are all men with years of experience, either in private banking of an international

character, or in the central banks and economic departments of their respective governments. The research department, of the utmost importance to the successful operation of the bank, is staffed by 31 economists, specialists and research analysts from nine member countries.

"Whenever pertinent to the work of the bank, detailed reports are prepared on such broad topics as the outlook for specific commodities or industries, the balance of payments problems of individual countries or regional areas and the feasibility of reconstruction or development programs submitted by proposed borrowers from an international or regional viewpoint. The bank's headquarters staff is being supplemented by a group of trained economic observers stationed in various parts of the world. They are to act as the eyes and ears of the bank in general and to obtain specific information whenever it is required.

Loans for Basic Difficulties

"In general it may be said that, in addition to helping the borrower directly, loans made by the bank have as their purpose the alleviation of basic economic difficulties which became apparent during the world depression. It has set up the international force necessary to keep abreast of developments.

"It should be borne in mind," continued Mr. Black, "that most of the loan applications now before the bank for consideration involve comprehensive reconstruction or development programs which will require substantial expenditures over a period of four to five years. While staff and management must study such plans in their entirety to obtain the proper perspective, it is the bank's policy to make initial loans only for the first and most urgent parts of such programs and then watch developments carefully, granting additional funds only in the light of conditions and the performances by borrowers. This policy of 'successive advances' as the programs progress permits of actual checking in the field by the bank's own representatives and protects not only the bank and the borrowers but all the member nations as well.

"To grasp its full significance and inherent characteristics," concluded Mr. Black, "the bank should be considered in the light of what it actually is: an international institution doing an international business under international ownership and, most certainly, with the great benefit of a competent international staff and management."

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Mutual Savings Bank Deposits at Record

MID-YEAR figures for the mutual savings banks of the nation, released by Earl B. Schwulst, president of the National Association of Mutual Savings Banks, and executive vice-president, The Bowery Savings Bank, New York, record an increase of \$602,728,993 in deposits during the first six months of 1947, bringing the total to an all-time high of \$17,415,253,222.

The number of accounts increased by 416,362 during the same period, making a record total of 18,177,018. Of this total, \$14.4 million are regular deposit accounts and \$3.7 million comprise the savings of school children and individuals in Christmas and other special purpose clubs. The average "regular" account rose from \$1,176.22 to \$1,199.10 during the six-month period.

Assets kept pace with the gain in deposits, increasing \$701,748,791 to a new high total of \$19,363,391,557. Surplus and guarantee funds continued to increase and now total \$1,861,962,163, representing a "protection" reserve of 10.7 cents for each \$1 on deposit.

"Deposits of nearly \$17½ billion as

reported on July 1, represented a 3.6 percent increase over the January 1, 1947 total, compared with a 5.8 percent increase during the first six months of 1946, and 7.8 percent during the first six months of 1945," Mr. Schwulst pointed out.

"Contrary to opinions expressed in some quarters, the public is not using up its liquid savings to sustain the

present high level of business. Although savings are not increasing at the abnormally high rate which prevailed during the war, the rate of increase is still substantially above that of the prewar years and is an indication not only of the reluctance of the public to draw upon its hard-won savings but also of its continued determination to build up financial reserves for the future."

When a politician repairs his political fences, he sometimes finds a hedge is more useful.

If everyone accepts a five-day week, maybe we can work out a five-month year next.

Congressmen represent the people, but sometimes it's difficult to know which people.

The way for the United Nations to stop war is simply to agree that no nation will start a war without enough cash on hand to pay for it.

The red flag makes its greatest progress where people have the economic blues.

Walking was a great sport so long as you could find some place to walk.

Easy Street is always a dead end street or a blind alley.

We often wonder how the tabloids pick out which murders to go crazy about.

The kind of a little lamb that could follow Mary in her modern car would be a Rocky Mountain goat that could run 60 miles an hour.

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FORD MANSION

WASHINGTON'S HEADQUARTERS
IN THE
"MILITARY CAPITAL"

"EIGHTEEN belonging to my family and all Mrs. Ford's are crowded together in her kitchen and scarce one of them able to speak for the colds they have caught." Thus General Washington wrote to Nathanael Greene of his headquarters in the Ford Mansion during the winter of 1779-80, described by some as the coldest of the century.

Widow of a wealthy powder-maker, Mrs. Theodosia Ford offered Washington her home when he sought an official headquarters in Morristown, New Jersey, at that time the "military capital of the United States." Only two rooms were retained for her four children and herself, all the others being turned over to General and Mrs. Washington and his "family", as he liked to refer to his personal staff. One of his aides billeted there was Alexander Hamilton, then courting Betsy Schuyler. In this home many important men of the day convened with the Commander-in-Chief.



The house gives an authentic picture of Colonial life



Winter encampment at nearby Jockey Hollow made this home a logical headquarters.



The Historical Museum behind the mansion displays a diorama with three-dimensional models depicting Lafayette arriving with news of French aid for the American cause

Washington made the Ford house his headquarters for over six months. There is evidence that Martha in particular enjoyed her stay there in spite of the discomforts and ever-present danger. As for Mrs. Ford, the patriotic widow no doubt felt privileged to share her home with the Commander-in-Chief and was amply recompensed by the great man's kindness. Every morning on his way downstairs to breakfast he used to stop and inquire about her son Timothy who was ill for many months. With the coming of spring, conditions improved and the household was further cheered by the arrival of Lafayette with his joyous news of French assistance.

Colonel Jacob Ford erected the house about 1774 and in 1776, with the aid of a loan from the Provincial Congress, built a powdermill not far away which turned out "good powder and in useful quantities." Not long after it was put in operation, however, having caught "mortal cold" on military duty, Colonel Ford fell from his horse while on parade and died of pneumonia a few days later.

The Ford home is now part of the Morristown National Historical Park administered by the National Park Service of the U. S. Department of the Interior.

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State Taxation of Foreign Trusts

ANYONE interested in trusts will be interested in the decision of a divided Supreme Court that a state may collect from a resident trustee a tax upon the intangible property of a foreign trust.

With four justices dissenting, it was held that a Rhode Island tax upon one-half the values of a New York trust was valid. The trust estate was wholly located in New York, and its administration supervised by New York courts. One of the trustees was a New York resident. The other lived in Rhode Island.

It was claimed that the tax was unconstitutional under the due process clause of the Fourteenth Amendment because it enacted payment measured by the value of property wholly beyond the reach of the taxing state's power and to which that state gave no compensating protection or benefit.

Such reasoning has been followed by the court in striking down taxes upon tangible property of residents that is permanently located outside the borders of the taxing state.

In the case of intangible property, however, this reasoning is not used. A state may tax the value of intangibles as part of a resident taxpayer's wealth. In such case the location of the "documents of owner interest" is immaterial. The "compensating protection and benefit" is given to the resident personally.

A trustee and the intangibles of his trust, it is now held, fall within this latter rule. The trustee is legal owner of the trust property and as such would be entitled to the same advantages from the laws of his state as any natural person there resident.

Although nothing appeared in the case as to any specific benefit or protection which the trustee had actually received, it was held that he might, for example, incur obligations in the administration of the New York trust, enforceable against him personally, in the courts of Rhode Island.

The court concluded that this was sufficient to justify the tax and held, in effect, that a trust fund is now taxable by every state in which one of its trustees may reside. *Greenough v. Tax Assessors of City of Newport*, 67 S. Ct. 1400, Paton's Digest, *Taxation—State*, Ops. 3A:1, 3A:3.

Banking Regulations

Of special interest to bankers is the recent decision of the Supreme Court that powers given to the Federal Home Loan Bank Board were not an unconstitutional delegation of the legislative function of Congress to an administrative agency.

The case arose when the Board, acting under Sec. 5(d) of the Federal Home Loan Act of 1933, appointed a conservator for a California Federal Savings and Loan Association on the grounds that it was conducting its affairs in an unlawful manner. The conservator was appointed without notice or hearing, as authorized by the Act, and immediately entered into possession of the association. Stockholders of the association brought suit to oust him.

A Federal District Court held Sec. 5(d) unconstitutional, under Art. I, Secs. 1 and 8 of the Constitution and ordered removal of the conservator. The unconstitutionality was held to consist of delegation of legislative functions to the Board without adequate standards of action or guides to policy. The decision was appealed to the Supreme Court.

While conceding that explicit standards might have been "a desirable assurance of responsible administration," the Supreme Court nevertheless held the Act constitutional and reversed the decision of the lower court, but without prejudice to "any other administrative or judicial proceedings as may be warranted by law."

In reaching its decision, the Court considered what it felt was a difference between the facts at issue and those in the Schechter case of 1934, which had held provisions of the National Indus-

trial Recovery Act unconstitutional and which the lower court had used as a basis of its decision.

The provisions of the H.O.L.A. were not penal, as were those of the N.I.R.A., but regulatory, and did not deal with unprecedented economic problems of varied industries, but with a "single type of enterprise and with the problems of insecurity and mismanagement which are as old as banking enterprise."

"The remedies which are authorized," the Court said, "are not new ones unknown to existing law to be invented by the Board in exercise of a lawless range of power." Citing banking as one of the longest regulated and most closely supervised of public callings, the Court held that discretion to "make regulations to guide supervisory action in such matters may be constitutionally permissible while it might not be allowable to authorize creation of new crimes in uncharted fields."

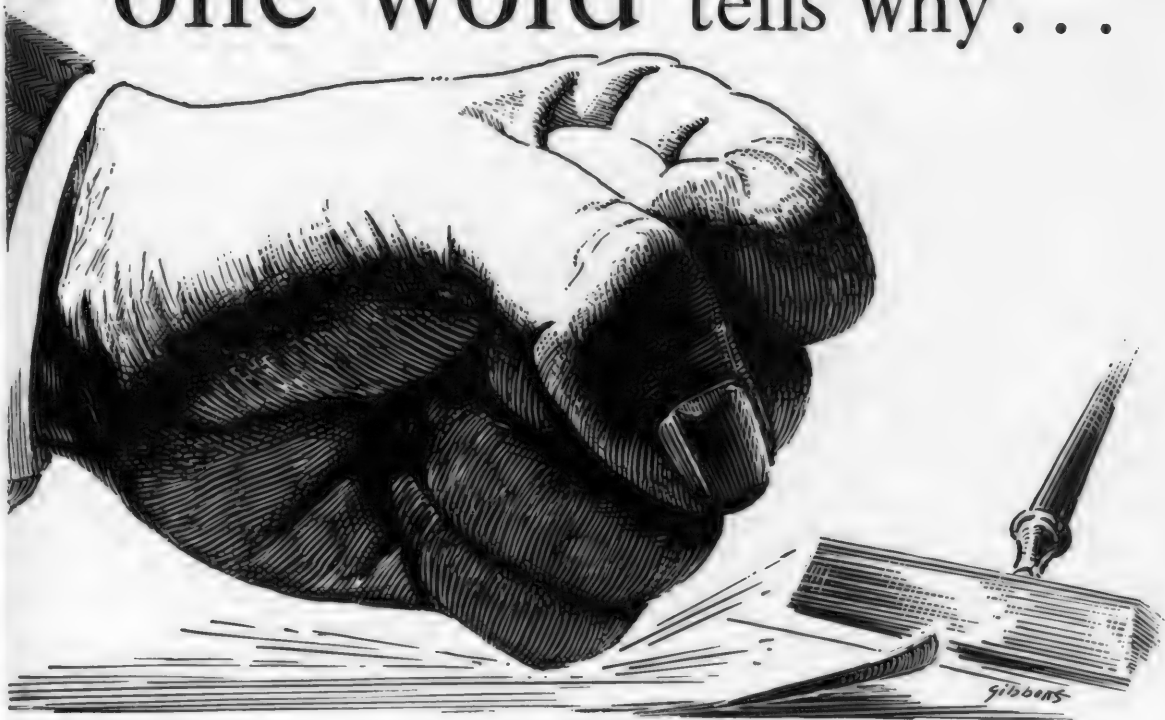
While the Court felt that provisions for administrative hearings after taking possession, rather than before, are drastic, it nevertheless felt that the "delicate nature of the institution and the impossibility of preserving credit during an investigation has made it an almost invariable custom to apply supervisory authority in this summary manner."

The provisions of the Act for appointment of conservators, the Court found, are comparable to most state and federal banking statutes and "are sufficiently explicit, against the background of custom, to be adequate for proper administration and for judicial review if there should be a proper occasion for it."

After holding the challenged provisions of the Act constitutional, the Court also declared that the "plaintiffs are estopped . . . from challenging the provisions of the Act . . ." under the general rule that the Court will not pass upon the constitutionality of a statute at the instance of one who has availed himself of its benefits. The association exists under the Act, and may not retain its

(CONTINUED ON PAGE 72)

one word tells why . . .



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Again, when plastics showed signs of becoming a major industry, Martin swept into the plastics field with its versatile Marvinox resins. Nearly complete, a big new Martin plant will soon be turning out Marvinox resins at the rate of millions of pounds a year. Other plastics developments are emerging from Martin laboratories.

Even Research Packs a Punch!

Even in research, Martin aggressiveness is apparent. Sensational new products have been developed and licensed to other manufacturers with royalties accruing to Martin. Stratovision, which promises to revolutionize television and FM, is being pushed by Martin and Westinghouse. Research is being intensified by the Martin Rotawings Division as a preliminary to aggressive entry into the helicopter field. And many other new Martin developments are on the way!

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Construction Bldg. Waldheim Bldg. Sterick Bldg.

(CONTINUED FROM PAGE 70)

benefits while attacking one of its important conditions.

The Court hinted that it is not completely satisfied with the Act when it stated that the challenged section is not defective "in a constitutional sense," and a resolution has since been introduced in Congress calling for an investigation of the decision and the making of "recommendations." *Fahey v. Maloney*, 15 L.W. 4694. Paton's Digest, *Banks and Banking*, Op. 5:1.

Disobedience of Injunction

The Supreme Court of Idaho has ruled that an injunction which is not issued in conformity with statutory provisions is void, and that disobedience of it does not constitute contempt of court.

The issue arose over an application by two Idaho banks for a permit to merge. The merger was opposed by another bank. An order was obtained restraining the governor of the state and the commissioner of finance from granting the application. The order was ignored and the permit granted.

A state statute required notice to a state officer before issuance of an injunction restraining him from the performance of a statutory duty. No notice had been given in this instance.

The State Supreme Court, on appeal, held that the restraining order was in fact an injunction, that failure to give notice rendered it void, and that its violation did not constitute contempt. *Williams v. Koelsch*, 180 Pac. (2d) 237.

State Taxation

An Ohio corporation lost its claim that \$7,000,000 it had on deposit in Ohio and New York banks should not be included in the "fair value of the corporation's Ohio assets" for purposes of the state franchise tax, since the funds were earmarked for plant expansion, only some \$600,000 of which would occur in Ohio.

In rejecting the claim, the Ohio Supreme Court ruled that since the deposits were in no way segregated with respect to the amounts the corporation intended to spend in Ohio and elsewhere, they were general deposits maintained for the purpose of the entire business of the company, wherever transacted.

Therefore, the court said, the deposits must be considered as located in the corporation's domiciliary state for purposes of the franchise tax.

Champion Paper & Fibre Co. v. Glander, 71 N. E. 2d 302.

BANKING

Normal Value Basis of Land Appraisal

P. L. GADDIS

Mr. GADDIS, who was formerly head of the appraisal division of the Farm Credit Administration in Washington, D. C., is assistant manager of the farm loan service of the Equitable Life Assurance Society of the United States in New York.

THE history of farm mortgage credit during the past 30 years indicates that current market prices of farms are not a proper basis for extending credit. Market prices of land fluctuate greatly with economic conditions and if made the basis for loans result in too free extension of credit in boom times and the restriction of credit in times of depression. For example, in 1920 farm real estate prices rose to 170 percent of the prewar level, but in 1933 they dropped down to 73 percent of the 1912-14 level. This meant that farm real estate as a whole was worth on the 1933 market only 43 percent of its value in 1920. Again farm land prices have increased until the July 1, 1947 index reached 162 percent of the 1912-14 level.

Costs of operation and taxes invariably increase during periods of inflation and are slow to adjust themselves when prices return to more normal levels. This produces the inevitable squeeze of postwar periods. To expect otherwise is wishful thinking. Farm loans made in the World War I period on too high a price level had to be liquidated at heavy loss to both lender and borrower in the years of lower commodity prices and falling real estate values. From 1926 to 1935 the number of farms transferred through foreclosure and bankruptcy totaled more than half of the number of the mortgaged farms in the country.

THESE experiences show the wisdom of basing mortgage credit on carefully considered averages, on forecast future debt-paying capacity and on real estate values that are not influenced by abnormal production and prices. Some progress has been made in smoothing out the sharpest curves in the business cycle but the cycle has not been eliminated. The pent-up demand of war periods over-stimulates production in factory and on the farm, resulting in glutted markets, a recession in employment, in demand and in prices.

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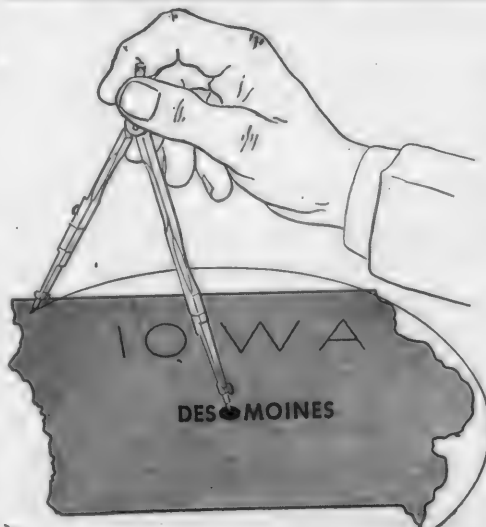
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Normal Value Basis of Land Appraisal

(CONTINUED FROM PAGE 73)

The trends in farm commodity prices during World War II were almost an exact duplicate of those of World War I. Costs of production likewise moved to high levels. Levels of future peacetime prices and costs cannot be forecast with assurance, but when supply again catches up with urgent demand in industry and in agriculture, the farmer is likely to be little better off than in the period 1935-39. Good farmers on good farms will enjoy a higher scale of living in the future with more modern conveniences, but private debt-paying capacity will likely be no greater. While prices in several lines may be higher for a number of years, the increased costs and taxes are likely to more than offset the additional income.

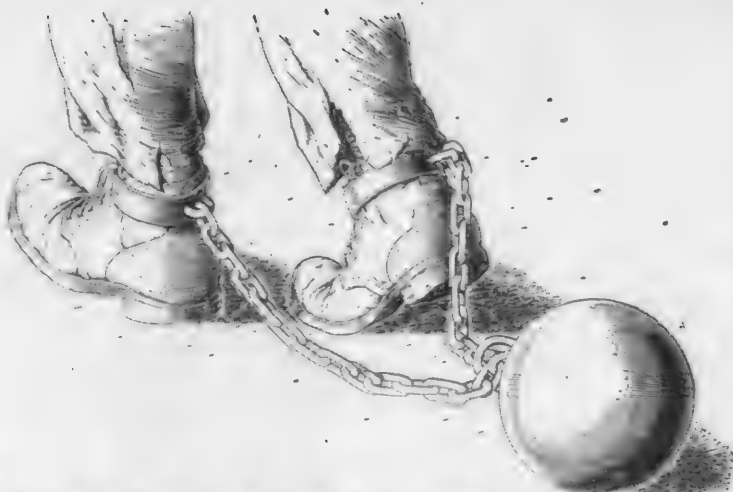
Good management and sound financing mean being prepared for such a squeeze between income and costs. At such times farmers with moderate indebtedness who are good managers can weather the storm without serious results, but the inexperienced, the overextended, the understocked and the undercapitalized generally fare badly.

It is now that we should adhere to normal values—values that will stand the test of time. Normal values of farm real estate are based upon farm commodity prices and costs which appear likely to prevail over a period of years in the future.

The farmer who proceeds on a conservative basis in times of inflation, who keeps his debts on such a basis that they can be retired from net income comparable to that before the war should generally be in a safe position. If conditions are more favorable than expected, such a farmer can enjoy a higher scale of living; if they are less favorable, he should still be able, with good management, to pay out. After a few years of adjustment when patterns of peacetime prices and costs have been stabilized, new levels of both may be forecast more dependably. Basing loans on normal values of land and commodity prices of stable peacetime periods will avoid many headaches for both farmers and lenders.

We would give a great deal for a diplomat who could find a way of settling arguments so both sides could win.

September 1947



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Other Organizations

Consumer Bankers Association Convention

CONVENTION committee chairmen for the 27th annual national meeting of the Consumer Bankers Association, to be held at The Brighton, Atlantic City, N. J., September 25-27, are announced as follows by General Convention Chairman A. C. Armstrong, president of the Northwestern State Bank, Duluth:

Program—Harry E. Small, executive vice-president, The Bank of Ohio, Cleveland; **Nominations**—Richard H. Stout, executive vice-president, Bank of Louisville; **Entertainment**—Robert O. Bonnell, vice-president, The Fidelity Trust Co., Baltimore; **Reception**—T. W. Walters, vice-president, The Bank of Ohio, Cleveland; **Golf**—Milton P. Bradley, president, The Morris Plan Bank of New Haven; **Banquet**—Horace D. McCowan, president, Industrial City Bank & Banking Co., Worcester; **Audit**—Frank J. Kenney, secretary-treasurer, The Morris Plan Bank of Waterbury; **Publicity**—Fred R. Waldron, executive vice-president, The Morris Plan Company of Terre Haute; **Registration**—J. T. Owens, president, Miami Industrial Bank; **Reservations and Transportation**—L. J. McEvoy, vice-president and cashier, The Charter Bank of Philadelphia; **Resolutions**—Herbert F. Koch, president, The Guardian Bank & Savings Co., Cincinnati; **Sectional Associations**—Harry O'Brien, vice-president and treasurer, Bankers Security Life Insurance Society, New York City; **Ladies' Entertainment**—Mrs. Marion S. Richardson, Akron.

Officers of the national association are: president, Joseph E. Birnie, president of The Bank of Georgia, Atlanta; first vice-president, John B. Jessup, president of the Equitable Trust Co., Wilmington, Del.; second vice-president, Clyde C. Shively, president of The State Industrial Bank of Columbus, Ohio; executive director, Gary M. Underhill; secretary-treasurer, Robert R. Spooner; assistant secretary-treasurer, Margaret E. Goldsmith. The last three officers staff the association's headquarters in Washington.



Left, Julian B. Baird, president, First National Bank of St. Paul, and president of the Association of Reserve City Bankers



Right, Douglas Parker, president, Sunburst State Bank, Shelby, Mont., and president of the Montana Bankers Association

FAA Convention

The American public's appraisal of banks and banking, and what to do about it, will be the theme of the 32nd annual convention of the Financial Advertisers Association at the Waldorf-Astoria, New York, October 5-9. Swayne P. Goodenough, president of the association and vice-president, Lincoln Rochester Trust Company, New York, will preside. A proposed change in name to Financial Public Relations Association is to be voted on by the membership.

Dr. Claude Robinson of Opinion Research Corp., Princeton, New Jersey, and James N. Wallace, vice-president, N. W. Ayer & Sons, Inc., advertising agency, will collaborate in keynoting the sessions with a presentation based on a survey made for the Association of Reserve City Bankers of the public's views on banks and banking.

The FAA convention will attract a larger than usual percentage of bank operating executives, says General Convention Chairman Robert Lindquist, vice-president, La Salle National Bank, Chicago, and General Program Chairman John L. Chapman, trust officer, City National Bank and Trust Company of Chicago. Mr. Lindquist is FAA's first vice-president.

Features of the convention include a dozen "clinics" at which advertising problems will be dissected, and departmental sessions which will concentrate on the public relations of commercial banking, savings, trusts, consumer credit, and bank personnel.

Arrangements for reception and entertainment of the convention delegates are in charge of the New York Association of Financial Advertisers, aided

by a local convention committee, headed by Robert W. Sparks, vice-president and treasurer of The Bowery Savings Bank. Former FAA president Harold J. Marshall, assistant vice-president of the Bankers Trust Company, New York City, is executive chairman.

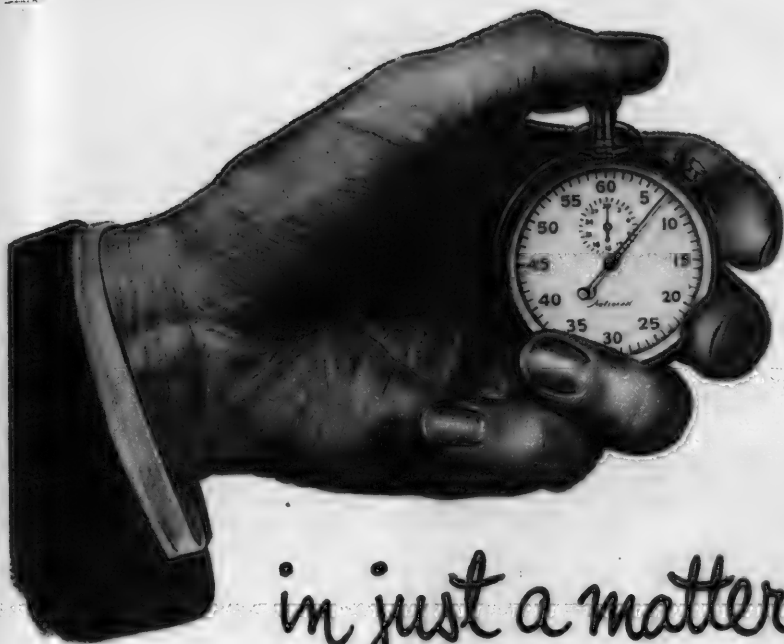
Bank School in NW

More than 100 bankers from Washington, California, Idaho, Utah and Montana went back to school on August 4 to attend the Pacific Northwest Banking School. This year's session, the school's fifth, continued until August 15. The school's work is divided into two semesters, completion of which, together with required correspondence work, entitles graduates to a certificate.

Illinois Radio Show

"The Romance of Banking" was narrated recently on WLS, the *Prairie Farmer* (agricultural publication) radio station, Chicago, Illinois. The broadcast was prompted by Dewey Beck, secretary of the installment division and in charge of public relations of the Illinois Bankers Association. Station WLS is also working with the bankers association on other programs and has previously broadcast two recordings made while in the field of conversations with various bankers.

"There's great drama in the story of banking . . . the drama of adventure, discovery, settlement—of everyday living! And—running like a golden thread throughout its colorful history—is the dominating theme 'Service,'" the radio script declared, and took listeners briefly back to the earliest records of banking's origin, and through the stages of its development in the United States.



in just a matter of seconds!

You can have this National Multiple-Duty Accounting Machine handling any one of the seven basic banking accounting jobs:

1. **Posting depositors' accounts**
2. **Posting loan and discount records**
3. **Posting any type of mortgage records**
4. **Posting trust ledgers**
5. **Writing checks and posting related payroll records**
6. **Posting the general ledger**
7. **Posting statement of condition**

In a twinkling, the removable form-bars of this National Multiple-Duty Accounting Machine lift off, or snap on — no screws, catches, or fittings to fuss with. If your bank is a small one, one machine may handle all seven jobs. If it's larger, separate machines may be assigned.

A National Multiple-Duty Accounting Machine will prove a big help in your bank. As will any of the many other National machines and systems designed to save time and money while reducing errors and improving the efficiency of banking methods. Have your local National representative study your own situation and work out the best way to solve it. Or write to The National Cash Register Company, Dayton 9, Ohio. Offices in principal cities.



National

CASH REGISTERS • ADDING MACHINES
ACCOUNTING MACHINES

The National Cash Register Company

New Books

AMERICAN OIL OPERATIONS ABROAD. By *Leonard M. Fanning*. McGraw-Hill, New York. 259 pages. \$5. A comprehensive factual history of the subject from the beginning of the century to the present, liberally illustrated with photographs.

CREDIT AND COLLECTION PRINCIPLES AND PRACTICE. By *Albert F. Chapin*. McGraw-Hill, New York. 643 pages. \$5. The fifth edition of a text by the

professor of finance at New York University, presenting the principles and practice of commercial credit in relation to wholesaler, manufacturer and bank.

HOW TO BUY A HOUSE. By *L. Douglas Meredith*. Harper, New York, 171 pages. \$2.50. The vice-president of National Life Insurance Company, and chairman of its finance committee, offers a practical manual of information for the prospective buyer.

HOW SHOULD CORPORATIONS BE TAXED? Tax Institute, Inc., New York. 246 pages. \$4. The 20 chapters comprise material presented at a two-day symposium conducted by the Institute. Participants include Matthew Woll, Richard Goode, Professor Roy G. Blakey, Howard R. Bowen (Irving Trust Company, New York), Professor Alfred G. Buehler, M. L. Seidman, Roswell Magill, and Leon Henderson.

MANUAL OF SHORT CUTS. McGraw-Hill, New York. 265 pages. \$3.50. A collection of 625 tested practices and procedures compiled from ideas submitted by members of the National Office Management Association.

PRICES AND BUSINESS IN 1947. By *H. C. Kuthe*. Business Bourse, New York. 271 pages. \$3. The author looks for an inflation due to the supply of "active money," followed possibly by a severe depression.

MOTOR MEMORIES. By *Eugene W. Lewis*. Alved, Detroit. 248 pages. \$3.50. The story of the automobile and men who have made it.

PRIVATE INVESTMENT IN A CONTROLLED ECONOMY. By *Samuel Lurie*. Columbia University Press. 223 pages. \$3. A study of developments in Nazi Germany, 1933-1939.



THIS is Cincinnati!

In Cincinnati—"Machine Tool Capital of the World"—we are well-equipped to serve you with a complete correspondent bank service. Since 1858, the Fifth Third has been associated with the industrial development of Cincinnati. Our officers have a thorough knowledge of business problems...and a deep understanding of the needs of correspondent banks. If you have not already become acquainted with Fifth Third service, we would welcome an opportunity to talk with you about it.

the FIFTH THIRD UNION TRUST co.

CINCINNATI, OHIO

MEMBER FEDERAL DEPOSIT INSURANCE CORP.

MEMBER FEDERAL RESERVE SYSTEM

"Your third husband is gone. You'll have to start on the fourth account"



BANKING

Ecusta Papers
Make Messages Look
IMPORTANT



FINE FLAX WRITING

LINEN FLAX WRITING

FINE FLAX AIR MAIL

FLAX-OPAKE BIBLE AND PRINTING PAPERS

BOXED TYPEWRITER PAPERS

Ecusta Paper Corporation

PISGAH FOREST, NORTH CAROLINA

BANKING NEWS

Aldrich, Davis, Wiggins Are Speakers for A.B.A.



President Bailey

Committees, Commissions, Councils, Divisions and Sections To Meet in Advance of Convention to Build Annual Programs

Winthrop W. Aldrich, chairman of the board, The Chase National Bank, New York, will be the principal guest speaker at the first general session of the national convention of the American Bankers Association in Atlantic City, N. J., on Tuesday morning, Sept. 30, and Chester C. Davis, president, Federal Reserve Bank of St. Louis, and Under-Secretary of the Treasury and past A.B.A. President A. L. M. Wiggins will be the guest speakers at the second and final general session on Wednesday morning, Oct. 1, according to President C. W. Bailey. Mr. Bailey, who is president of the First National Bank of Clarksville, Tenn., will give his presidential address at the Tuesday session.

Preliminary to the convention, the Administrative Committee of the A.B.A. will hold executive sessions on Friday and Saturday, Sept. 26 and 27; service committees, commissions and councils will meet on Sunday, Sept. 28; and the Association's Executive Council will meet on Monday evening.

Annual meetings of the National Bank, State Bank, Savings and Trust divisions and of the State Association Section will be held on Monday, Sept. 29. In addition to reviewing their past year's work and planning their programs for the ensuing year, these groups will elect officers. The Savings and State Bank divisions and the State Association Section will meet in the morning, and the National Bank and Trust divisions in the afternoon.

Speakers at the divisional meetings include:

Savings Division: Fred F. Spellissy, executive vice-president, Market Street National Bank, Philadelphia, and Division president; Joseph Stagg Lawrence, vice-president, Empire Trust Company, New York; and Arthur Hood, editor, *American Lumberman and Building Products Merchandiser*, Chicago.

State Bank Division: James C. Wilson, president, First Bank and Trust Company, Perth Amboy, N. J., and president of the Division; and H. Earl Cook, member, board of directors, Federal Deposit Insurance Corporation, Washington.

National Bank Division: Carl K.



Vice-president Dodge



Treasurer Phillips

Mr. Spellissy



Mr. Wilson



Mr. Withers



Mr. Woollen



1947 Convention

Withers, president, Lincoln National Bank, Newark, N. J., and Division president; Beardsley Ruml, chairman of the board, R. H. Macy & Company, New York; and R. D. Mathias, president, Old National Bank at Evansville, Ind., and president, Indiana Bankers Association. Comptroller of the Currency Preston Delano will extend greetings to Division members.

Trust Division: Evans Woolen, Jr., president, Fletcher Trust Company, Indianapolis, Ind., and Division president. In addition, there will be a panel discussion on "What the Trust Department Means to Our Bank." Panel will be composed of: John M. Wallace, president, Walker Bank & Trust Company, Salt Lake City; John H. Evans, president, McDowell National Bank, Sharon, Pa.; William L. Kleitz, president, Guaranty Trust Company, New York; Clarence R. Chaney, vice-chairman of the board, Northwestern National Bank, Minneapolis; and John S. Alfriend, president, National Bank of Commerce, Norfolk.

State Association Section meeting will be an executive session.

Agricultural Breakfast

The annual agricultural breakfast of the Agricultural Commission will precede the general session on Tuesday and will be addressed by Dr. O. B. Jesness, chief of the Division of Agricultural Economics, University of Minnesota. He is a member of the Commission's Advisory Council.

The Agricultural Commission and the Country Bank Operations Commission will

hold individual and joint meetings in Atlantic City on Oct. 1 and 2 to formulate their separate and cooperative programs for the year. They will develop plans for producing cooperatively a manual on farm mortgage financing.

Entertainment Features

Entertainment for convention guests will include a reception and tea by the New York Clearinghouse Association late Sunday afternoon and a concert that evening by the Philadelphia Symphony Orchestra under the direction of Eugene Ormandy.

James Melton, Metropolitan Opera tenor, will give a concert on Tuesday evening. There also will be a showing of a new color picture entitled "The New America," which was produced by the editors of *Life*. The picture utilizes five projectors and five screens simultaneously.

A luncheon and fashion show for registered wives will be given by the New York Clearing House Association on Tuesday.

The convention will close at noon on Wednesday following the election and installation of officers.

In addition to President Bailey, the present officers are: Joseph M. Dodge, president, The Detroit Bank, Detroit, vice-president, and S. Albert Phillips, vice-president, First National Bank, Louisville, treasurer.

Vice-president Dodge spent the Summer in Vienna as representative of the United States on the Commission for Examination of Disagreed Questions on the Austrian Peace Treaty.

27 New Members

Twenty-seven banks in 15 states became members of the American Bankers Association during July, says a report of the A.B.A. Organization Committee of which Max Stieg, cashier of the Dairyman's State Bank, Clintonville, Wis., is chairman.



Mr. Wiggins



Mr. Davis



Dr. Nadler



Mr. Ruml



Mr. Cook



Mr. Hood



Mr. Lawrence



Mr. Delano

Plan G.S.B. Reunion

A reunion of Graduate School of Banking men is being planned for the A.B.A. convention in Atlantic City on the evening of Sept. 29.

The affair, similar to one held during the Chicago convention last year, is in charge of the alumni groups in New York City and Philadelphia.



Mr. Mathias

Mr. Rogers



Special Trains From Key Points to Atlantic City

Clearing House Groups to Entertain En Route

Special trains are scheduled to transport bankers from various sections of the country to the American Bankers Association convention in Atlantic City from Sept. 28-Oct. 1. Entertainment is planned for convention delegates en route by local clearinghouse associations.

The schedule of the Colorado-Oklahoma-Missouri-Kansas special is as follows:

Lv. Denver D&RGW 8:15 PM 9/24
 Kan. City MP 11:59 PM 9/25
 Okla. City Frisco 5:50 PM 9/25
 St. Louis NYC 10 AM 9/26
 Cincin. C&O 7:10 PM 9/26
 Wash. PRR 1 PM 9/27
 Ar. A. C. 5:15 PM 9/27

There will be no special train for the return trip to these points.

The Denver, Kansas City and St. Louis clearinghouse associations will be hosts to the delegates on C-O-M-K special during stopovers on Sept. 24, 25 and 26. In Charlottesville, Va., there will be an hour and a half sightseeing trip (at \$2 per person) to the homes of Thomas Jefferson and James Monroe and the University of Virginia campus.

Chicago Specials

Two special trains will leave Chicago on Sept. 26 and 27 at 3:55 P.M., CST, and arrive in Atlantic City at 10:05 A.M., EST, on Sept. 27 and 28, respectively. The Chicago banks will be hosts at luncheon on both Friday and Saturday to bankers using these specials. There will be but one return special to Chicago, which will

Trust Studies

Eighteen trust studies by Gilbert T. Stephenson, published by the A.B.A. *Trust Bulletin* during the last three years, are being issued in a bound volume and will be available about Oct. 1. Mr. Stephenson is director of trust research, The Graduate School of Banking.

leave Atlantic City at 5 P.M., on Oct. 1 and arrive in Chicago at 8:30 A.M., Oct. 2.

Another special train will leave Atlanta, Ga., on Saturday, Sept. 27 and arrive in Atlantic City on Sunday, Sept. 28.

Train schedules from New York to Atlantic City over the Pennsylvania Railroad are as follows (Eastern Standard Time):

	Daily	Except Sunday
Lv. New York	9:15 AM	2:05 PM
Newark	9:30 AM	2:20 PM
Trenton	10:23 AM	3:15 PM
Ar. Atlantic City	12:05 PM	5:04 PM
	Friday Only	Saturday Only
Lv. New York	5:40 PM	12:05 PM
Newark	5:55 PM	12:20 PM
Trenton	6:46 PM	1:14 PM
Ar. Atlantic City	8:25 PM	2:54 PM

E. A. Harding of the Pennsylvania Railroad will handle all requests for reservations and will arrange extra cars as required on any of the above trains. He may be reached at PEnnsylvania 6-6000, Ex. 2117.

State Bank By-Laws

The State Bank Division has available for the use of member banks a compilation of by-laws suggested by several state banking departments. It is entitled "By-Laws of State Banks."

Banks Urged to Note Identification Data on Cashed U. S. Bonds

Secretaries of the state bankers associations were informed by William T. Wilson, secretary of the American Bankers Association Special Committee on Savings Bond Redemption, that the Treasury urges all banks to follow the practice of noting on U. S. Savings Bonds redeemed by them the nature of the identifications presented.

"Our attention has been directed to the fact that many banks are under the impression that it is not permissible to place identification notations on Savings Bonds paid by them," the letter said. "This is erroneous. In its instructions the Treasury not only recommends, but strongly urges, all banks to follow this practice.

Permanent Record

"This procedure will serve a two-fold purpose in the event of losses resulting from erroneous payments. It will be helpful to the Treasury Department for subsequent criminal investigations, and it will provide the basis for a permanent record of the facts of identification upon which the bank relied. We understand that in determining the question of relief from liability for loss, the Treasury gives great weight to notations as to the character of identification documents accepted by the bank.

"The adoption of the recommended practice should benefit both the banks and the Treasury Department. We think it is desirable to call the matter to the attention of your member banks and your cooperation will be appreciated."

First Issue of School Saver To Appear in Fall

The first issue of the *School Saver*, a four-page newspaper slanted toward grade school students, will be off of the press this Fall. This publication is designed primarily for banks participating in school savings programs, which may have their names imprinted on the paper before distributing it to school children. It will be issued periodically by the Advertising Department and the Savings Division of the American Bankers Association.

Although the chief aim of the *School Saver* is to educate youngsters on the function of money and in cultivating thrift and savings habits, to attract and hold their attention the paper will be balanced with articles, pictures and cartoons of general interest to them.

It will have feature columns for the girls and for the boys, entitled "Little Miss America" and "Listen, Fellows." While the articles may carry a thrift message, they will be about subjects and people of interest to children from about eight to eleven. The first columns will stress the importance of personal appearance for girls and getting the right start in life by choosing a career and starting to save for the boys.

For Personal Papers

A "personal papers" envelope large enough to hold the valuable papers and Treasury Savings Bonds of the average safe deposit customer has been designed by the Advertising Department of the A.B.A. for use by banks in building goodwill and calling attention to safe deposit facilities.

CALENDAR

American Bankers Association

Sept. 28-
 Oct. 1 Annual Convention, Atlantic City, New Jersey
 Oct. 22-24 Pacific Coast & Rocky Mountain States Trust Conference, San Francisco
 Nov. 6-7 Mid-Continent Conference, Chicago
 Nov. 20-21 Savings and Mortgage Conference, Augusta, Ga.

State Associations

Oct. 6-8 Iowa, Hotel Fort Des Moines, Des Moines
 Oct. 20-22 Kentucky, Kentucky Hotel, Louisville
 Nov. 10-11 Nebraska, Paxton Hotel, Omaha

Other Organizations

Sept. 11-13 Savings Banks Association of Massachusetts, New Ocean House, Swampscott, Massachusetts

Sept. 14-17 Savings Banks Association of Maine, Poland Spring House, Poland Spring, Maine
 Sept. 15-22 U. S. Savings & Loan League, San Francisco
 Sept. 23-27 National Association of Supervisors of State Banks, Mayflower Hotel, Washington, D. C.
 Sept. 25-27 Consumer Bankers Association, Brighton Hotel, Atlantic City, N. J.
 Sept. 26-28 Association of Bank Women, Claridge Hotel, Atlantic City, N. J.
 Oct. 2-4 Mortgage Bankers Association, Hotel Statler, Cleveland
 Oct. 3-4 New York State Safe Deposit Association, Waldorf-Astoria Hotel, N. Y.
 Oct. 6-9 Financial Advertisers Association, Waldorf-Astoria, New York
 Oct. 12-15 Robert Morris Associates, Hotel del Coronado, San Diego, California
 Oct. 22-25 National Association of Bank Auditors and Comp-trollers, Baltimore, Maryland
 Nov. 10-11 Western Secretaries' Conference, Salt Lake City



**Commercial and Travelers
Letters of Credit**



Foreign Credit Information

**If you need these
Foreign Banking Services**



Foreign Collections



Foreign Remittances



Foreign Exchange

YOUR BANK need not have a Foreign Department in order to offer your clients any of the services listed above. Simply phone, write, or wire us when you have a request. You initiate the transactions; we furnish the facilities. The long experience of our Foreign Department in handling

these matters enables us to provide you with forms requiring a minimum of detail work on your part. Many of our correspondents have found this an excellent method to secure additional revenue and develop new business with new clients. Inquiries about any foreign banking facilities are invited.

Manufacturers Trust Company

55 Broad Street, New York 15, N. Y.

Member Federal Deposit Insurance Corporation



Goodbye to pen and ink methods

*Typical reports
from
present users*

"(5) Items submitted machines have more than 'old' way. number of commercial accounts has increased 30%. handle the increased volume with same number of tellers.
Union Bank & Trust Company
Los Angeles, California



"Very desirable and necessary assistance to tellers in speeding up counter work and in providing complete and correct of all transactions. tellers reaction has been uniformly favorable.
Hazard National Bank & Trust Company
Burlington, Vermont



"Well received. faster service to customers, saving training of new tellers, protection to bank and customer with all transactions. This type of machine all banks will eliminate conventional bookkeeping in favor of the automatic.
Fidelity National Bank
Baltimore, Washington

THE COMMERCIAL TELLER'S CAGE

GOES MODERN WITH MECHANIZED SERVICE

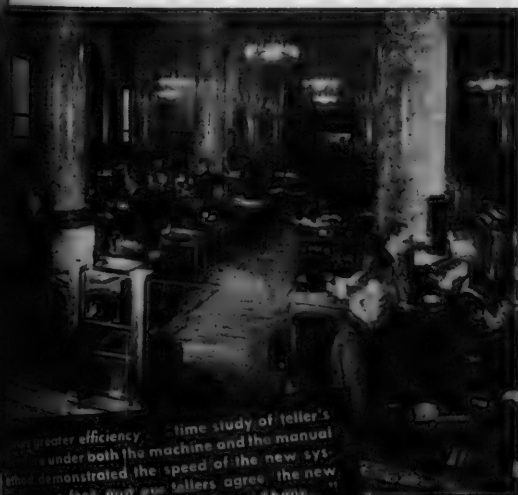
New machines are being shipped out to banks every day . . . new orders keep coming in every day! That alone tells you the Burroughs Commercial Teller's Machine represents a really significant development in modern banking service.

You can expect this new service to bring praise from customers, increased efficiency from tellers, more goodwill and favorable publicity in general. That's been the experience of banks all over America

that have mechanized with Burroughs Commercial Teller's Machines.

Your nearest Burroughs office will give you complete information about this great new development. The installation experiences of other banks . . . how easily the change-over to mechanized window service is handled . . . customer reactions . . . publicity opportunities—your Burroughs office has the answers to all your questions ready for you *now*. Call today.

BURROUGHS COMMERCIAL TELLER'S MACHINE—A NOTABLE ADVANCEMENT IN CUSTOMER SERVICE



Greater efficiency—time study of teller's work under both the machine and the manual method demonstrated the speed of the new system. We feel, and our tellers agree, the new machine is beneficial to both customer and bank.

Bank Life Bank & Trust Company
Philadelphia, Pennsylvania

FASTER SERVICE—transaction time and lobby congestion reduced as much as 30%.

BETTER SERVICE—neat, printed receipts identify every deposit by number and by teller.

GREATER PROTECTION—registered receipts prove bank's and customer's records identical.

FEWER INTERRUPTIONS IN WINDOW SERVICE—tellers need not neglect customers to prepare items for proof department; cash-in and cash-out totals instantly available.

WHEREVER THERE'S BUSINESS THERE'S

Burroughs



THE MARK OF SUPERIORITY
IN MODERN BUSINESS MACHINES

HEARD ALONG MAIN STREET



Mr. Helm



Mr. Jackson

Chemical Bank Changes

CHANGES among top executives of the Chemical Bank & Trust Company, New York City, have brought N. BAXTER JACKSON, formerly president, to the board chairmanship and HAROLD H. HELM, who had been first vice-president, to the presidency. FRANK K. HOUSTON has retired as chairman of the board.

Mr. JACKSON, a Vanderbilt University alumnus, came to the Chemical as an assistant cashier in 1920 from the American National Bank in Nashville, Tennessee. He was elected president in 1946.

President HELM also joined the Chemical staff in 1920, following his graduation from Princeton University. He was made first vice-president last year.

Mr. HOUSTON, president of the bank from January 1935 to January 1946, has become honorary chairman of the board and vice-chairman of the executive committee of which PERCY H. JOHNSTON is chairman.

Women Chapter Presidents Set Records

TWO Floridians, KATHRYN BELL, Assistant cashier, The Barnett National Bank of Jacksonville, and ANN B. MILLER, trust administrator, The Exchange National Bank, Tampa, broke tradition last year by being the first women elected to the presidencies of

their respective chapters of the American Institute of Banking.

As if mounting one hurdle were not enough, Misses BELL and MILLER took up the challenge of leadership and steered their chapters through their most successful year, each achieving their top membership and enrolment during 1946-47.

Tampa's membership was 260 and class enrolment 190. For the first time in the history of the chapter its classes were opened to six banks within a 45-mile radius of Tampa.

Jacksonville's membership was 386 and class enrolment 289. A revival of interest on the part of older bank employees, some of whom had not participated in Institute affairs for from 10 to 12 years, was one of the major achievements of Jacksonville Chapter under Miss BELL's presidency.

Miss BELL started her banking career in 1937 as a secretary; was promoted to officers' assistant in 1943 and to assistant cashier in 1947. She is the only woman in Barnett National's 70-year history to hold an official title. She has her standard and prestandard certificates and two credits toward a graduate certificate. She has held every local office in Jacksonville Chapter, A.I.B., and, in addition, has served on numerous committees.

She is a member of the Association of Bank Women and currently is serving as chairman of its publicity committee, as a member of its public relations com-

Miss Miller



Miss Bell



Miss Janet Wright of Wells Fargo Bank & Union Trust Company, San Francisco, is quite a badminton player. Currently, reports the bank's magazine, she is Southwest Pacific champion, national women's doubles champion, No. 2 in the national women's singles, and California singles and doubles champion. The picture shows Miss Wright with some of her trophies

mittee, and as a member of the National Membership Committee of the A.I.B.

Miss BELL is also a civic leader, her active memberships including Pilot Club International, Civic Music Association, the Little Theatre, the YWCA's building fund campaign committee, and the Althean Literary Society.

Miss MILLER took up commercial law while in high school and continued her studies at night while working as a secretary in the offices of Tampa attorneys. She has been admitted to practice in the Florida state and federal courts. Other night studies have included several A.I.B. courses, various domestic science courses, art and music.

She started her banking career at the Exchange National Bank in 1938 and

(CONTINUED ON PAGE 88)

★

Use the



in Chicago

FOR BOND INVESTMENTS

Correspondent banks are cordially invited to use the First National's Bond Department in their bank investment programs.

To serve you, and to insure prompt transactions in *United States Government, State and Municipal Bonds*, there is an adequate staff, coordinated by experienced officers.

BOND DEPARTMENT OFFICERS

AUSTIN JENNER	Vice-President
JAMES P. FEELEY	Vice-President
JOHN H. GRIER	Vice-President
LEWIS MILLER	Asst. Vice-President
HAROLD J. SCHLUTER	Asst. Vice-President

Assistant Cashiers

George B. Wendt	Leroy F. Winterhalter
P. Alden Bergquist	Joseph A. Smole
	Samuel Sachnoff

The First National Bank of Chicago

Building with Chicago and the Nation Since 1863

MEMBER FEDERAL DEPOSIT INSURANCE CORPORATION



immediately became active in the American Institute of Banking. As training for Tampa Chapter's presidency, she served first as a member and for three years as a chairman of the Women's Committee, was elected to the board of governors, and served as secretary and later vice-president of the chapter.

Miss MILLER is a member of the National Women's Committee of the A.I.B.; is a member of the committee on banking law of the National Association of Women Lawyers, and is a member of

the Florida State and Hillsborough County Bar associations. In her spare moments, she spends a great deal of time in the kitchen of her spacious home preparing Mexican and Spanish dishes for her friends.

Both Miss BELL and Miss MILLER were panel discussion speakers at the American Institute of Banking convention in Detroit last Spring.

Petersen Joins Philadelphia Bank

HOWARD C. PETERSEN, who has resigned as Assistant Secretary of War, becomes executive vice-president of Fidelity-Philadelphia Trust Com-



Mr. Petersen



Mr. Fleming

pany, Philadelphia, on September 22.

Mr. PETERSEN, a member of the New York Bar, was appointed to the War Department post to succeed John J. McCloy, now president of the Bank for Reconstruction and Development. A native of East Chicago, Indiana, he practiced law in New York City for several years.

As a member of the National Emergency Committee of Military Training Camp Association, Mr. PETERSEN was one of the principal drafters of the Selective Service Act. Also in 1940 he served as counsel of the committee appointed by President Roosevelt to draft regulations under the act. On January 2, 1941, he was appointed assistant to Under-Secretary of War Robert P. Patterson, and later became executive assistant to the Under-Secretary. On September 26, 1945, following the confirmation of Mr. Patterson as Secretary, he was appointed special assistant to the Secretary. He took office as Assistant Secretary on December 29, 1945.

In that position, Mr. PETERSEN's duties included supervision of military government activities in Germany, Japan, Korea, Austria and Italy.

ROBERT V. FLEMING, president of the Riggs National Bank, Washington, D. C., and former president of the American Bankers Association, has been appointed a member of the board of regents of the Smithsonian Institution. Appointments to the board are made by the President, with the approval of Congress, and Mr. FLEMING's was confirmed in House Joint Resolution 250, which President Truman signed on the final day of the recent session.

DUNLAP C. CLARK, who recently became president of Central National Bank, Oakland, California, will head the 1948 campaign of Oakland Chapter, American Red Cross. Mr. CLARK was formerly president of The American National Bank, Kalamazoo, Michigan.

Central Savings Bank, New York City, has organized a Quarter Century Club.

LARGEST FINANCIAL INSTITUTION IN THE NATION'S CAPITAL

The RIGGS NATIONAL BANK of WASHINGTON, D. C.

ROBERT V. FLEMING, *President*

FOUNDED 1836

*We are
especially well equipped
to handle accounts of
Bank Correspondents
and National
Corporations*

RESOURCES
OVER \$300,000,000

COMPLETE BANKING AND
TRUST SERVICE

Member
Federal Deposit Insurance Corporation
Federal Reserve System



MAIN OFFICE
1503 PENNSYLVANIA AVENUE
(Opposite U. S. Treasury)

George Peabody College for Teachers, Nashville, has elected THOMAS C. BOUSHALL, president of The Bank of Virginia, Richmond, to its board of trustees.

SAMUEL B. STEWART, JR., has been appointed vice-president and general counsel of Bank of America and a member of its advisory council. Mr. STEWART, who has represented the bank in eastern legal matters for the past 13 years, is a member of the New York law firm of Blake, Voorhees and Stewart.

CARVEL C. LINDEN, who has been president of the Second National Bank of Paterson, New Jersey, has accepted a vice-presidency in the United States National Bank of Portland, Oregon. He is a former national bank examiner.

Bank of America has obtained Federal Reserve Board permission to open a branch in Manila. Vice-president TOM B. COUGHRAN of the bank's international department is in Japan making arrangements for the opening. Mr. COUGHRAN supervised installation of the Bank of America branch in Manila last Spring.

W. LOGAN MACCOY has been elected chairman of the board of the Provident Trust Company, Philadelphia. WILLIAM R. K. MITCHELL, with the bank 34 years, has been named president.

A. M. McNICKLE of New York has been elected a vice-president of the Fidelity Trust Company of Pittsburgh. He will head the bank's estate planning department.

KENNETH E. RITTER, manager of the veterans' loan department of Union Bank & Trust Company, Los Angeles, was named commander of his American Legion Post, celebrated his 20th anniversary with the bank, and completed 20 years of service in Boy Scout activities—all in one week this Summer. Mr. RITTER is a member of the board of governors of Los Angeles Chapter, American Institute of Banking, and serves on several of its committees.

Mr. McNickle

Mr. Ritter



33 Years



For market information, credit reports, and assistance in arranging trade connections in Central and South America, consult The Royal Bank of Canada. This bank has been established in this area for over 33 years. Branches in 19 of the principal cities are staffed by men who speak the language, know the people and their ways of doing business. Correspondent banks are invited to use our Central and South American facilities in serving their own customers.

HEAD OFFICE — MONTREAL

New York Agency —

68 William St., New York 5, N. Y.

THE ROYAL BANK OF CANADA

ASSETS EXCEED \$2,000,000,000

MEMPHIS!

THE TRADE CENTER OF A BILLION
AND A HALF DOLLAR
MARKET!



Growing with Memphis, our bank prides itself in the complete bank services it offers to industries, both small and large

(Our bank will gladly send you upon request
a Comprehensive Industrial Survey of Memphis)

UNION PLANTERS NATIONAL

BANK & TRUST CO.

Capital, Surplus and Un-
divided Profits Over Thirty
Million Dollars

Since 1869

MEMPHIS, TENNESSEE

Member Federal Deposit
Insurance Corporation

Directors of the First National Bank of Mobile have advanced E. J. McAULEY from the presidency to the chairmanship of the board. H. AUSTILL PHARR, formerly executive vice-president, has been made president.

Vice-president THOMAS F. MEEHAN of the Crocker First National Bank of San Francisco has been elected president of the Credit Managers Association of Northern and Central California.

JOHN G. AMSTRONG has retired as vice-president of The National City

Bank of Cleveland after 50 years in banking.

LAWRENCE F. STERN, president of the American National Bank and Trust Company of Chicago, and JOHN BARRY, vice-president of the National Shawmut Bank, Boston, have been elected directors of the Hospitalized Veterans' Foundation. This organization will take over the work of the wartime USO in providing bedside entertainment for disabled servicemen. MATTHEW J. LEVITT, a director of the Marquette National Bank of Minneapolis, is a member of the HVF executive committee.



Mr. Redman



Mr. White

HAMILTON M. REDMAN, formerly with the Provident Trust Company of Philadelphia, has been made a trust officer of the National Bank of Commerce, Seattle, specializing in the administration of personal estates and trusts.

WILLIAM W. WHITE, formerly vice-president and cashier of the New London (Connecticut) City National Bank, has assumed the presidency of the Wellesley (Massachusetts) National Bank. He is a former assistant national bank examiner for New England and an alumnus of The Graduate School of Banking.

LANG WHARTON, executive vice-president of the First National Bank in Dallas, recently celebrated his 50th anniversary with the bank.

Merger of three banks in Westchester County, New York, under the name The County Trust Company, with offices in 14 cities and villages, has been approved by stockholders. The merged institutions were the County Trust Company, Washington Irving Trust Company and the Bank of Westchester. ANDREW WILSON, JR., is chairman and JOSEPH E. HUGHES is president of the new bank which has resources of more than \$120 million.

Brooklyn Chapter, American Red Cross, announces that the Dime Savings Bank of Brooklyn was the first bank in New York City to enroll large groups of its staff in the Red Cross blood service of Greater New York. Led by GEORGE C. JOHNSON, president of the bank, and blood donor service recruiting chairman for the Brooklyn chapter, Dime employees have been going to the blood bank for typing and registration.

FRED S. HILPERT, vice-president of the Farmers and Merchants National Bank of Los Angeles, observed on August 15 the 40th anniversary of his association with the bank.

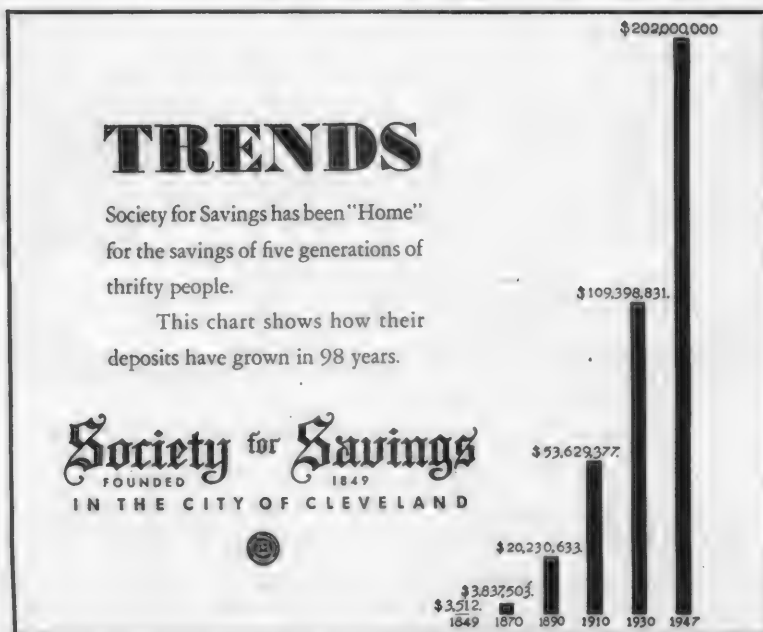
CHARLES E. KELLY, senior credit officer of the City National Bank & Trust Company, Chicago, will join the Lincoln National Bank & Trust

(CONTINUED ON PAGE 92)

The motto of the state of Indiana portrays vividly the many markets and varied interests that lie within its borders.

Banks have found the American National Bank at Indianapolis always a reliable source of information on markets, business conditions, and trends in Indiana...and a bank exceptionally capable in handling unusual situations.

AMERICAN NATIONAL BANK
at Indianapolis
MEMBER FEDERAL DEPOSIT INSURANCE CORPORATION





HOW THE CHASE CAN BENEFIT

Your Inter-American Business

The Chase National Bank maintains close correspondent relationships with practically every important bank in the Americas. In this way the Chase makes banking facilities directly available in commercial centers throughout the hemisphere. Among the services which are provided to business firms are:

Cashing of drafts under Traveler's Letters of Credit	
Effecting Collections	Making Remittances
Opening of Commercial Letters of Credit	
Credit Information	Assistance in arranging Business Connections
Information on Exchange Conditions and Regulations	

These Chase facilities which are always at the disposal of our domestic correspondent banks provide a valuable service for their own customers.

You are invited to send for our Folder "Import and Exchange Regulations of the Principal Countries of the World."

THE CHASE NATIONAL BANK OF THE CITY OF NEW YORK

HEAD OFFICE: Pine Street corner of Nassau

Member Federal Deposit Insurance Corporation

LONDON—6 Lombard Street	•	51 Berkeley Square	•	Bush House, Aldwych
Havana • San Juan • Panama • Colon • Cristobal • Balboa				
Offices of Representatives: Mexico City • Cairo • Bombay				
THE CHASE BANK: Paris • Shanghai • Hong Kong • Tientsin				



Company of Fort Wayne, Indiana, on September 15 as vice-president. He will serve as commercial loan officer.

A. D. SIMPSON, president of The National Bank of Commerce in Houston, received the honorary degree of Doctor of Laws from Southwestern University. In reporting this award last month, BANKING inadvertently printed his name as "THOMPSON."



Mr. Sarlo



Mr. Kidd



Mr. Schwartzchild



Mr. Richards

Elections

HARRY E. RICHARDS, vice-president, Second National Bank of Houston.

KENNETH D. MOSHER, cashier, Romeo (Michigan) Savings Bank.

WARREN F. SARLE, ALAN R. KIDD, vice-presidents, The Northern Trust Company, Chicago.

W. HARRY SCHWARTZCHILD, JR., executive vice-president, HOWARD E. GILL, vice-president, The Central National Bank, Richmond, Virginia.

STANLEY H. WOLFF, vice-president, RAY F. BASTEN, cashier, National Bank of Hyde Park in Chicago.

WILLIAM F. JAEGER, cashier, The Amwell National Bank, Lambertville, New Jersey.

R. F. SMITH, vice-president, American National Bank & Trust Company, Mobile.

JOSEPH VALENTI, vice-president, Chicago Terminal National Bank.

JOSEPH G. FISCHER, first vice-president, ALBERT L. SANDERSON, FRANCIS A. SMITH, executive assistants to the president, Marine Trust Company, Buffalo.

MILTON S. HENDERSON, vice-president, Colonial Trust Company, New York City.

JAMES A. HARALSON, vice-president, First National Bank in Houston.

JAMES A. McDONALD, vice-president, Security-First National Bank, Beverly Hills, California.

"Georgia Points with Pride"

Last year 600 new industrial plants came to Georgia. Through June of this year 381 additional new industries have been established.

Our roots are in Georgia and in this section. As the section develops so do we and so do our correspondent banks.

If you do not already use our service we cordially invite you to join our group.

The Fulton NATIONAL BANK
COMPLETE SERVICE AT 5 OFFICES IN METROPOLITAN AREA OF ATLANTA

MEMBER FEDERAL RESERVE SYSTEM
MEMBER FEDERAL DEPOSIT INSURANCE CORPORATION

Effective co-ordination

of all departments assures rapid, efficient handling of every type of banking transaction. You are invited to use any or all of our facilities.

CITY NATIONAL BANK

AND TRUST COMPANY of Chicago

208 SOUTH LA SALLE STREET

(MEMBER FEDERAL INSURANCE DEPOSIT CORP.)



WARREN EVANS, JR.

BANKING

Mortlock Heads Real Estate Dept.

THE appointment of Eugene M. Mortlock to the directorship of the Research in Mortgage and Real Estate Finance Department of the Savings Division and to the assistant secretaryship of the Division has been announced by Harold Stonier, executive manager of the American Bankers Association.

Mr. Mortlock was formerly vice-president and mortgage loan officer of the Gramatan National Bank and Trust Company of Bronxville, New York, having worked up through the various departments.

He organized and managed for five years the operation of Gramatan National's trust department and was in charge of the operations of the installment loan department of the bank. As mortgage loan officer, he managed the bank's real estate portfolio, supervised FHA mortgage loans, as well as uninsured loans, and made inspections and appraisals of properties for several savings banks.

More recently Mr. Mortlock was assistant to the president of the First Federal Savings and Loan Association of New York as well as managing vice-president of the Bronx Federal Savings and Loan Association.

In addition to his practical career, which includes the position of book-keeper in the government bond division of the Federal Reserve Bank of New York, Mr. Mortlock has been active in the field of banking education. He was one of the organizers of the Westchester Chapter of the American Institute of

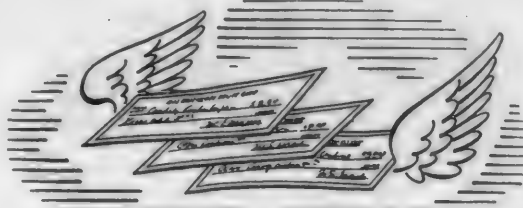
Banking, of which he was president and director, and where he taught bank management and home mortgage lending for several years. He was a member of the first graduating class (1937) of The Graduate School of Banking. He has been a frequent contributor to banking publications on the subject of real estate financing.

As director of the Research in Mortgage and Real Estate Finance Department, Mr. Mortlock succeeds Howard B. Smith, who recently resigned to become treasurer of the Middletown Savings Bank, Middletown, Connecticut. Since his resignation, the department has been merged with the Savings Division, which is headed by Deputy Manager J. R. Dunkerley.

Committee to Study Time Sales Financing

APPOINTMENT of a consumer credit committee to make a survey and study of the developments which have taken place in the time sales financing business in New York State since the end of the war has been announced by William A. Kielmann, president of the New York State Bankers Association. Mr. Kielmann is president of the Peoples National Bank of Lynbrook.

David C. Barry, senior vice-president, Lincoln Rochester Trust Company, Rochester, is chairman of the committee which includes officials of 18 other banking institutions throughout the state.



NO ITEMS HELD OVER

Correspondents appreciate the fact that in this bank every item is cleared and on its way promptly. There are no holdovers, no bottlenecks, no delays. Our transit department knows the money value of speed. Correspondent banks benefit from this knowledge.

BANKING DEPARTMENT

THE NORTHERN TRUST COMPANY

50 SOUTH LA SALLE STREET
CHICAGO

Member Federal Deposit Insurance Corporation



"No, I believe it's airline hostesses who supposedly marry rich men within one year."



TOOLS FOR HOLLAND

To the enterprising manufacturer "*business is where you find it.*"

Holland needs tools . . . a British mill wants cotton . . . the Swedish company calls for American oil. So it goes around the world — business opportunity.

Enlightened banking is the link that joins supply and demand — opportunity and fulfillment.

From the beginning of the transaction, the bank's Foreign Department can serve.

Reliable information on foreign firms' credit standing and local conditions may come from the bank.

Later, a loan may enter the picture. And finally, the collection of payments and conversion to dollars is in the bank's province.

Thus the businessman and his bank stand shoulder to shoulder in finding markets and making the most of them.

THE PHILADELPHIA NATIONAL BANK

Organized 1803

PHILADELPHIA 1, PA.

MEMBER FEDERAL DEPOSIT INSURANCE CORPORATION

THE Credit Life
INSURANCE COMPANY

JOHN F. HOLLENBECK, PRESIDENT
 HOME OFFICE
 SPRINGFIELD, OHIO

★

**CONSUMER
 CREDIT
 INSURANCE**

★

The Pioneer Independent
 Company . . . Exclusive
 Specialization since 1926
 Operating Coast to Coast

*Insurance on the Debtor... in favor of the Creditor**

FOREIGN REMITTANCES

We specialize in forwarding of funds abroad for our banking friends with or without Foreign Departments. Our remittance services include commercial, benevolent and living expense payments abroad by cable, mail or airmail.

Experience developed over the years, and close friendly relationships with worldwide correspondent banks are available to assist domestic banks to establish or extend their own remittance service. We welcome your inquiries.



The
Public National
BANK AND TRUST
 COMPANY OF NEW YORK

Main Office: 37 Broad Street

Member Federal Reserve System
 New York Clearing House Association
 Federal Deposit Insurance Corporation

Instalment Credit to Small Business

(CONTINUED FROM PAGE 30)

operating a small retail or wholesale service or manufacturing business. It includes also a source of reference and information for potential and established small enterprises and for those interested in the many phases of small business operations. There are listed 1,143 pamphlets and booklets covering a wide variety of small businesses in which many helpful suggestions are listed which will assist the small businessman to manage his business better. It can be used by banks as a lending library for its customers, or a bank may elect to distribute this material to other small business accounts. Both of these studies can be obtained by writing to the American Bankers Association.

American banking is eagerly looking forward to a sound, healthy economy in the period ahead. Banks all over the country realize that such an economy cannot flourish and grow without the life blood of adequate constructive credit. Further, banks are keenly aware of the vital importance of constructive credit in meeting the needs of small businessmen and small business firms. They are resolved, individually and through cooperative action, to do their utmost to provide needed funds to every competent, reliable person, firm or corporation for any constructive useful purpose on terms arranged to fit the borrower's particular requirements.

Bank Credit Pays the Dentist

(CONTINUED FROM PAGE 33)

pays his loan), the patient establishes valuable credit standing with the bank for such purposes as buying an automobile, household appliances, or buying, building or modernizing a home."

Instalment Buying Bound to Increase

LAST year between 4 percent and 5 percent of total retail sales in the U. S. were made on an instalment basis as against an average of 12 percent for the three years prior to our entry into the war, according to the August issue of *Business Comment*, published by The Northern Trust Company, Chicago.

"The importance of instalment sales

BANQUE DE BRUXELLES



*Founded in 1874 is glad
 to offer quality cooperation*

TO AMERICAN BANKS

INTERESTED IN FOREIGN

TRADE WITH BELGIUM

COMPLETE FORGING DEPARTMENT
 MAIN OFFICES IN

BRUSSELS-ANTWERP
 LIEGE - GHENT

300
 BRANCHES ALL OVER
 THE COUNTRY

AFFILIATE IN BELGIAN CONGO AND
 FRENCH EQUATORIAL AFRICA

BANQUE BELGE D'AFRIQUE



for the higher priced durable goods is, of course, much greater than for all retail sales," the bank stated. Prior to the war about 60 percent of all new and used cars, better than 50 percent of the dollar sales of household appliance stores and almost 50 percent of the sales of furniture stores, were on an instalment basis.

Although during the war the ratio of instalment sales diminished sharply, the increasing availability of goods and the smaller real purchasing power that many consumers now have as a result of the rise in the cost of living are bound to increase the use of instalment payment plans, the bank pointed out.

"Opposed to Selling Terms"

DECLARING that his organization is "opposed to the practice of selling terms instead of merchandise," Howard L. Wynegar, president of Commercial Credit Corporation, has announced that, when the abolition of Regulation W comes in the near future, his national sales finance organization will return to financing terms fair alike to the purchaser of automobiles and home appliances and the dealer.

Commercial Credit will broaden its financing terms but will make every effort to maintain such terms as will serve to protect the buyer against down

payments and maturities which are uneconomic, Mr. Wynegar said.

Purpose of Personal Loans

One section of the survey of banker opinion conducted during June 1947 by the Credit Policy Commission of the American Bankers Association was concerned with the purpose for which personal loans are being made. The survey bore out, to a certain degree, the belief prevailing in some quarters that a considerable number of personal loans are being made today for actual living expenses. A surprisingly large number of replies indicated that loans were being made in order to consolidate present indebtedness and for sickness.

The following is a table prepared from survey results of purposes for which personal loans are being made according to Federal Reserve District:

Order Accord. to Use	1	2	3	4	5	6
1	L. Ex.	Sick.	L. Ex.	Auto.	Auto.	Auto.
2	Auto.	Auto.	Auto.	L. Ex.	H. A.	L. Ex.
3	H. A.	L. Ex.	Sick.	H. A.	L. Ex.	H. A.
4	Sick.	H. A.	Tax.	Sick.	Sick.	Sick.
5	Furn.	Tax.	H. A.	Bus.	Furn.	Bus.

7	8	9	10	11	12	United States Totals
Auto.	Auto.	Auto.	Auto.	Auto.	Auto.	Auto.
H. A.	L. Ex.	L. Ex.	H. A.	L. Ex.	H. A.	L. Ex.
L. Ex.	H. A.	H. A.	L. Ex.	Bus.	Sick.	H. A.
Bus.	Bus.	Sick.	Sick.	Sick.	L. Ex.	Sick.
Sick.	Furn.	Furn.	Bus.	H. A.	Furn.	Bus.

KEY: L. Ex. means Living Expenses
Auto. means Automobile
H. A. means Home Appliances
Sick. means Sickness
Furn. means Furniture
Tax. means Taxes
Bus. means Business

THE BANK OF NOVA SCOTIA

49 WALL STREET, NEW YORK

G. F. HINCHCLIFFE, AGENT

Over 270 branches across Canada; and in Newfoundland, Jamaica, Cuba, Puerto Rico, Dominican Republic, London, England.

GENERAL OFFICE
TORONTO, CANADA

Is the Owner's Equity Protected?



The mortgagee's interest may not be affected but, in these days of rising construction costs, amounts of insurance should be checked, and increased, if necessary, to cover today's values and the owner's equity in a property.

It's good business to call these facts to the attention of the property owners you serve - now!

THE PHOENIX INSURANCE COMPANY

Hartford 15, Conn.

The Connecticut Fire Ins. Co. Hartford, 15, Conn.	Equitable Fire & Marine Ins. Co. Providence 3, R. I.
Atlantic Fire Insurance Company Raleigh, North Carolina	The Central States Fire Ins. Co. Wichita 2, Kansas
Great Eastern Fire Insurance Co. White Plains, N. Y.	Minneapolis F. & M. Ins. Co. Minneapolis 2, Minn.
Relliance Insurance Company of Canada Montreal 1, Canada	

Saturday Closing? Bad for Consumer Credit

"Banks should give a lot of thought to the idea of closing all day Saturday before they act, because the competition with the finance companies in obtaining consumer loans especially auto loans is great," one banker wrote to BANKING. "... This is playing right into the hands of the finance companies because so many people have set aside Saturday morning as their day to transact their banking business."

IMPORTANT NEWS FOR BANK OPERATING MEN

Lithoprint checks with new routing symbol at no extra cost

To help you speed sorting and to eliminate delays in collections, The Todd Company announces one of the most important developments it has ever offered: Lithoprint checks with the new routing symbol in the proper location—at no extra cost.

These lithoprint checks offer you and your customers the protection of Todd Super-Safety paper—which cancels itself immediately if chemical alteration is attempted by the use of ordinary ink eradicator!

Our branch plants—at ten strategic locations—are geared to give you fast service. This fact, combined with our wide range of check forms, means individually tailored checks, at once, for customers with a variety of needs and tastes.

Send in the coupon below (or write us) and we'll see that a book of lithoprint samples reaches you as soon as possible. Naturally, the demand is heavy; we may not be able to take care of you at once.



Todd
ROCHESTER NEW YORK
SALES OFFICES IN PRINCIPAL CITIES
DISTRIBUTORS THROUGHOUT THE WORLD

THE TODD COMPANY, INC., Rochester 3, N. Y.

I should like to have a copy of the new Todd Lithoprint Book as soon as possible.

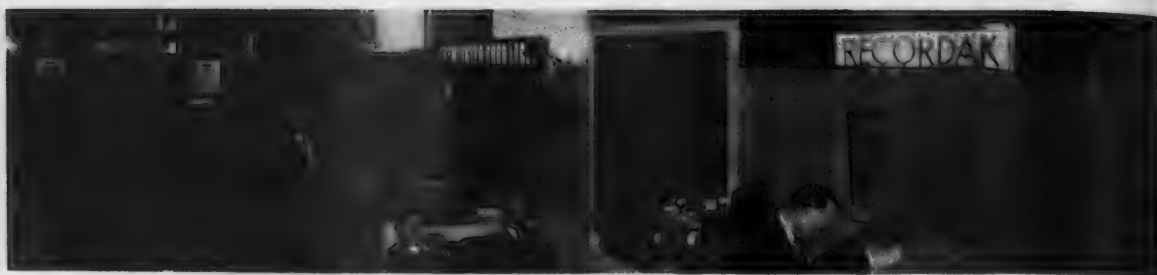
Bank name _____

Address _____

City _____ County _____ State _____

By _____

B-9-47



Methods and Ideas



ONE of the extra-curricular activities of American Bankers Association convention-going is the annual round-up of new ideas, new equipment, new methods and applications presented by a host of manufacturers and suppliers in the educational displays section, sponsored by BANKING.

This year at the Chalfonte Haddon Hall, Atlantic City convention headquarters, another show will be staged which will offer an opportunity to delegates to study first-hand the latest developments in many fields of bank operation.

Here, in brief, is a preview of the many interesting exhibits awaiting your inspection at the 73rd annual convention:

A. B. A. exhibit will illustrate the major new activities of 1947, and a glimpse of the major projects scheduled for 1948. Included are the Agricultural Commission's Soil Conservation Project, the Cost and Service Charge Studies of the Commission on Country Bank Operations, and the Small Business Credit Commission's Business Aid Library. New and contemplated studies in the bank management, consumer credit, savings and other fields will be included in this display, as well as new public relations projects.

AETNA CASUALTY AND SURETY COMPANY, one of the many large insurance companies supporting the bank and agent auto plan since its inception, will feature the many merchandising aids produced by the company for bank and agent use. A new series of

transcribed spot radio announcements available to banks without charge may be ordered at the Aetna booth. In a daily contest, with cash awards, bankers will be asked to identify banks from photographs. Each day, Aetna will display photographs of 50 banks participating in the Bank and Agent Auto Plan—a total of 150 banks. At the close of the exhibit all the banks will be identified in a booklet.

ALLISON COUPON COMPANY, INC., Indianapolis, will display a complete line of consumer credit payment coupon books, including the pre-numbered book in many arrangements, and a newly designed book for fill-in on perforating machines. Other books designed for use with punching machines, duplicating machines, typewriters and various mechanical devices, and their application to different types of systems will be shown.

BURROUGHS ADDING MACHINE COMPANY, Detroit, will introduce the new commercial teller machine. It eliminates the checking account passbook, provides uniform, machine-printed receipts, reduces teller fatigue, accumulates a running record on its continuous journal of all transactions, and generally enables the teller to do a better job. This machine sets up an improved internal control permitting the teller to release checks to the proof department at any hour of the day.

The small, compact Burroughs low-cost savings passbook machine which speeds posting operations, and the Burroughs bank bookkeeping machine

which completely eliminates the time-consuming month-end task of counting check entries on statements, will be on demonstration. The balancing reducing machine, and trust accounting machine, together with other units of the Burroughs line, will be displayed.

CHECKMASTER SYSTEMS, INC., New York City, will present an innovation in personalized pocket checks—called the "Checkretary." It is an all-purpose wallet and pocket secretary for men and women. The "Checkretary" set consists not only of personalized checks but personalized deposit slips, all imprinted with the depositor's name. Another feature is a memorandum pad personalized with the name of the bank and featuring on each memo sheet various customer services offered by the bank.

CUMMINS BUSINESS MACHINES CORPORATION, Chicago, will feature its popular model No. 300 portable electric perforator—a unit whose capacity is comparable to earlier models 10 times its weight and size. The traditional design and limited demand for any one model of previous perforators handicapped mass production, but this new unit has won widespread acceptance and is now being built on assembly-line methods, lowering costs and speeding deliveries. The Model 250 Cummins endorser with a new built-in ink fountain will also be on view.

DELUXE CHECK PRINTERS, INC., Chicago, pioneer in the development

(CONTINUED ON PAGE 100)



Embezzlement losses aren't "peanuts"!

Embezzlement losses, to use the vigorous idiom of America, "aren't just peanuts." As witness U.S.F. & G. case No. 181333, with losses totaling \$271,777.81. Or No. 4-MF-2, in which a shipping clerk appropriated merchandise worth \$34,000. With prices high and more money in circulation, losses due to employee dishonesty are rising sharply.

Yesterday's Fidelity Bonds may not provide adequate coverage today. Your company may have a sizeable deficit to make up in event of major embezzlement losses. Why not review your bonding program in the light of current conditions? The U.S.F. & G. agent in your community will be glad to analyze your program, without obligation. Consult him today.

"Consult your Insurance Agent or Broker

as you would your Doctor or Lawyer"

U. S. F. & G.



UNITED STATES
FIDELITY & GUARANTY CO.
HOME OFFICE: BALTIMORE 3, MD.

FIDELITY & GUARANTY INSURANCE CORP., BALTIMORE
FIDELITY INSURANCE CO. OF CANADA, TORONTO

Methods and Ideas

(CONTINUED FROM PAGE 98)

ment of personalized checks, offers full details of merchandising plans for selling this popular service to checking account customers. The almost universal use of personalized checks in large and small banks coast to coast has demonstrated their appeal to customers as well as their internal operation value in speeding up sorting and filing work.

DIEBOLD, INCORPORATED, Canton, will display a complete line of systems and protection equipment for banks. Among the systems units is the "Cardineer"—a compact, portable rotary file available for several sizes of records for either manual or electric operation; "the Reveldex"—a rotary file which revolves on a horizontal instead of vertical plane; the "Flex-Site"—a line of visible binders; "Safe-T-Stak"—steel storage file single drawer units designed for "nesting" without structural partitions; and the popular "V-Line (28)"—a range of vertical visible filing trays.

Also on demonstration will be the Diebold "Flofilm-Microfilming" process, including the camera-printer, Flofilm processor, and the reader projector and other accessories.

With the recent acquisition of the former O. B. McClintock line of Grade "A" Burglar-Police-Holdup Alarm and Protective Systems, the Bandit Barrier Systems and Enclosures, Drive-in Teller Barrier and Vault Ventilators, Diebold rounds out its vault and protective equipment, many items of which will be displayed.

DOUGLAS-GUARDIAN WAREHOUSE CORPORATION, New York, will set up an information booth on the company's nation-wide service. A free booklet, *Profits On Your Premises, What Field Warehousing Can Do for You*—a non-technical informative digest for general distribution—will be available. Quantities may be ordered for distribution to your customers and prospects, without charge.

FAS-CASH SYSTEM, INC., Detroit, will demonstrate its pay-roll cashing plan which enables one teller to do the work of two. It consists of a system of packaged money which is placed in a stainless steel dispenser to speed transactions on pay-roll days. Under this system a paying teller may complete check cashing three or four times faster than normally. Where a teller handles mixed transactions—paying and re-

ceiving—checks may be cashed two to three times faster. This system has been adopted by many of the leading banks of the country.

FIDELITY AND DEPOSIT COMPANY OF MARYLAND will have a corps of representatives available for consultation on your problems and the many services offered by the company. This exhibitor will distribute handy pocket-sized convention notebooks for whatever memoranda you may wish to make on the exhibits or at convention sessions.

HAMMERMILL PAPER COMPANY will exhibit a scale-model of the modern Fourdrinier papermaking machine—one of the industry's largest pieces of equipment, representing a cost of over a million dollars. The equipment manufactures the "base stock" for Hammermill safety paper. When the new machine goes into production at the Hammermill Erie plant later this year, mill capacity will be increased by more than 70 tons daily.

HERRING-HALL-MARVIN SAFE CO., Hamilton, Ohio, will exhibit sections of stainless steel safe deposit boxes, night depositories and the new H-H-M rotary record file. The new file is said to have achieved new high standards of efficiency in card-index filing systems, accommodating index cards of any weight, which may be removed from or returned to the wheel at will. Also displayed is the new H-H-M all steel "Rigid-Stak" file and a new daylight hold-up protection device. This company is also engaged in the design and installation of modern bank counter work, and in the manufacture of insulated ledger trays and check tray safes.

The first official air marker in Massachusetts has been installed on the roof of The First National Bank of Boston



INTERNATIONAL BUSINESS MACHINES CORPORATION will feature the IBM proof machine, one of several types manufactured by the company for bank use. This unit simplifies proving procedure. It is highly automatic, consolidating four vital steps of proving in one simple, speedy operation. Other IBM units on demonstration will include the electric punched card accounting machines which permit the coordination necessary to modern record-keeping, IBM electric time systems—time stamps, time recorders—and the IBM electric typewriter. Representatives will discuss with visitors the applications of these machines to particular problems.

GEORGE LAMONTE & SON, Nutley, New Jersey, will illustrate specimens of the company's advertising campaign which has appeared in *BANKING* and other business books—an outstanding educational campaign aimed at the consumer markets, highlighting the protective features of safety paper checks. Specimen bank checks, representing a good cross-section of the country's banks, have been compiled in albums for inspection.

LAWRENCE WAREHOUSE COMPANY, San Francisco, plans a pictorial exhibit of "field warehousing in action." It will illustrate various phases of warehousing operations and show the application of the principles of the Lawrence System. A group of representatives will be on hand to discuss your problems and furnish any information you may require on this modern form of financing.

LEFEBURE CORPORATION, Cedar Rapids, Iowa, will introduce the new "Speed King" model "Adjusto Tray-Binder," which features new two-way capacity control, automatic posting angle, instant offset and stuffing, and a new speed-ease operation. This unit is available in 36 stock sizes. Also featured will be the "X-Ray Sorter," a compact unit built with metal frame and tie rods, smooth finished masonite compressor, and fabric padded base. These small units permit the distribution of work among several operators, or one operator may handle the entire volume.

MONROE CALCULATING MACHINE COMPANY, Orange, New Jersey, will demonstrate the new fully automatic calculating machine in addition to its line of adding and bookkeeping. (CONTINUED ON PAGE 102)

The 4 most common typing faults

... and how to avoid them!



To illustrate common typing faults, Mr. Saksvig posed as above

NORMAN SAKSVIG, authority on speed techniques and former champion, comments on the *correct* techniques pictured below...



"GOOD POSTURE saves backache, eyestrain, and fatigue. Feet firm, back supported, wrists slanted, fingers curved, eyes on copy."



"WRISTS relaxed and slanted about parallel with keyboard; fingers should be curved and resting lightly on the guide keys."



"CORRECT FINGERING means 'hugging the keys.' Avoid raising hands above keyboard, which causes fatigue, loss of speed."



"START carriage with crisp throw, let momentum do the rest. Return left hand to guide keys. Don't look away from copy."



TRY SMITH CORONA'S AUTOMATIC MARGIN SET

With one hand, as shown, set both right and left margins with flick of the index finger...it's fast (actually less than *one second*) yet simple. Saves time. See this 'line of light' photo of operation—one hand, both margins set, hand back on keyboard. Figure that saving in a day's typing!

The only office typewriter with this exclusive feature

IT WILL pay you to ask for demonstration of this unique Automatic Margin Set.

Also, see how quickly tabulator stops are set and cleared, how accurately the ratchet release operates, how closely the feed rolls grip the paper. In short, discover not only the speed, but the easy action and complete equipment of this finely-engineered machine.

Any Smith-Corona branch office or dealer can give you the story.



SMITH-CORONA

OFFICE TYPEWRITERS

Makers also of famous Smith-Corona Portable Typewriters, Adding Machines, Vivid Duplicators & Typebar Brand Ribbons & Carbons.

L C SMITH & CORONA TYPEWRITERS INC SYRACUSE 1 N Y

Methods and Ideas

(CONTINUED FROM PAGE 100)

ing equipment. The 3-in-1 bank book-keeping machine fills the need for compactness and speed of operation on three important bank jobs, commercial posting, savings posting and deposit proof.

NATIONAL CASH REGISTER COMPANY, Dayton, will demonstrate a representative group of the more than 40 models of accounting, bookkeeping and adding machines manufactured for bank use. For instance, the new posting machine, designed on an entirely new mechanical principle, accomplishes nu-

merous robot-like tasks. Its features include original visible journal, automatic detection and correction of errors by direct subtraction, automatic check count, separate item counters for balances effected, check deposits and overdrafts and automatic line spacing.

R. L. POLK & CO., Detroit, themes its exhibit on the wide use of their directory. With miniature banks and models depicting industry and trade, the exhibit will illustrate how Polk's *Bankers Encyclopedia* is used in everyday banking activities. Large panels will illustrate its many specific uses. The new September 1947 issue will be

on display for your inspection. The Polk company will also distribute carnations to visiting delegates—a different color for each day of the sessions.

RAND McNALLY COMPANY, Chicago, publishers of the "Blue Book" *Bankers Directory*, now in its 143rd edition, plans an exhibit around the many bank services produced by the company. Rand McNally also publishes the A.B.A. "Key Book," whose latest editions contain not only all transit numbers and changes but also the new check routing symbols. The company also publishes *Bankers Monthly*. Sample albums of the Systems Division savings clubs and loan amortization systems now in use in over 1,000 banks will be set up for inspection.

RECORDAK CORPORATION, New York, subsidiary of Eastman Kodak Company, will feature the new Duplex Recordak—a modern advance in microfilming equipment. This unit will accommodate any business document from 3 x 5 reference cards to papers up to a width of 9½ inches—length unlimited. Documents are photographed with images on the front and back appearing side by side on the film—unmistakably tying the reverse side together with the face. This unit steps up the capacity of a 100-foot roll of film to 10,000 checks (20,000 pictures) as against 7,500 pictures obtained on former Recordak equipment. This feature saves handling time, filing space and film cost. An automatic feeder unit for use with Recordak equipment will also be on demonstration.

REMINGTON RAND, INC., New York, will feature two photographic records products: "Dexigraph" for photo-copying, and "Film-A-Record" for microfilming. The primary application for "Dexigraph" in the banking business is that it permits the introduction and use of a single posting system. The "Film-A-Record" microfilming machine eliminates all written description from the transit department of any bank.

The completely electrified Remington Rand automatic balance book-keeping machine, No. 285, will also be on demonstration. Limited space makes it impossible for the Tabulating Machines Division to show actual machines in operation. However, representatives of this division will be in attendance to discuss how punched-card accounting procedures can be profitably applied. Material will also be available to illustrate the results that can be obtained



**Insurance \$\$
have shrunk
as Values have Increased**

Somewhere every day, disillusioned property owners are faced with the dilemma of recouping fire losses with insufficient insurance. Building costs are up...equipment is hard to get at any price. Don't get caught short...fire may strike tonight. See your Broker or Agent today and bring your Insurance up to Values.

Fire - Automobile - Marine - Casualty - Fidelity - Surety

FIREMAN'S FUND GROUP

FIREMAN'S FUND INSURANCE COMPANY

HOME FIRE & MARINE
INSURANCE COMPANY

FIREMAN'S FUND
MARINE INSURANCE COMPANY

WESTERN NATIONAL
INSURANCE COMPANY

WESTERN NATIONAL
INFINITY COMPANY

SAN FRANCISCO - NEW YORK - CHICAGO - BOSTON - ATLANTA - LOS ANGELES

from the following Remington Rand Tabulating Machines: Type 3100 Alphabetical Tabulator; Type 310-1 Interfiling Punch, Type 312-1 Posting Interpreter, Type 306-1 Visible Automatic Punch.

SCHOOL THRIFT, INCORPORATED, New York, will display a wide variety of school banking systems, including the exclusive pre-numbered refill, and a display of educational features to promote the program. Experts in this field confidently expect a great boon in thrift education as more and more banks set up programs of regular school deposits—an opportunity awaiting many institutions.

THE TODD COMPANY, Rochester, New York, sets its exhibit theme to modern check design and the elimination of the so-called "headache" form of out-sized, trick-printed checks. Two creative check designers will be working at the Todd exhibit where you will be able to obtain complete information on the whole process of lithograph check printing from sketch to finished product. The newest models of Todd check-writing and signing machines will be on demonstration.

Business Oscars

ON THE evening of September 23 the **DETROIT TRUST Company** will present 37 awards to Michigan companies whose annual reports to stockholders or employees are adjudged outstanding.

The purpose of these "business Oscars" is to "further the development of annual reports as a medium for promoting a better understanding of the financial aspects of business and the importance of profit to the stockholder, the employee and the general public."

The bank hopes not only to call attention to what is being done by companies whose principal business is in Michigan, but also to stimulate others to make similar efforts in the direction of "humanized," interpretative and understandable reports.

Awards will be presented for the best stockholder reports and the best employee reports in each of six divisions, arranged according to the number of persons employed. There's a grand award for the best report designed for both stockholders and employees. Also, several merit certificates will be presented in each classification.

Judges are: Weston Smith, business editor, *The Financial World*, New York; George B. Hassett, financial editor,

Detroit News; Robert Lund, financial editor, *Detroit Free Press*; Harold Schachern, financial editor, *Detroit Times*; Dr. William A. Paton, professor of accounting, University of Michigan, School of Business Administration; Fred B. Post, president, Michigan Bankers Association; Harold Hastings, executive secretary, Adcraft Club, Detroit; and Milton W. Manley, president Detroit, Stock Exchange.

Everybody's on the Team

Stanley J. Daley, an instructor in the A.I.B. Chapter at Providence, Rhode Island, discovered a good way to

interest his students in the subject of bank advertising. BANKING asked him for a few of the details and here is his story:

"The class represented students from three savings banks and two national banks which have savings departments.

"During the course in savings banking, and in their assignment required in the chapter on merchandising and promotion, I requested an original advertisement pertaining to a department in their bank which would be of most interest to them.

"To this request I received but three advertisements from a class of 16 students, most of them saying they

3 CUMMINS MACHINES

for Speed, Safety and Economy

Speed up your bank routines and safeguard transactions with Cummins modern, streamlined machines. They are mass-produced to give you amazing efficiency at the lowest possible cost.



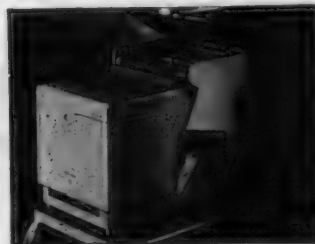
« Cummins 300 Electric Perforator

Automatically cancels checks, bonds, bond coupons, etc., on insertion, at speed comparable to perforators 10 times its size and weight. All the checks one book-keeper posts in a day perforated in 2 or 3 minutes.

• • • • •

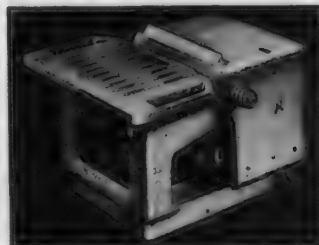
Cummins 250 Electric Endorser »

Endorses, dates, and stacks checks, money orders, etc., as you list or prove. Eliminates separate check handling. New sensational inking device is setting new standard of performance for endorsing. Remarkably clear, distinct endorsements.



« Cummins 252 Electric Endorser

Cummins 250 endorser, used with micro-filming machine, endorses checks automatically . . . stacks checks in perfect sequence. Positive uninterrupted flow. The 252 takes hold of checks before micro-filming machine lets go. New ink fountain provides perfect impressions.



You are cordially invited to visit Booth "Y" at Educational Displays of ABA Exhibit, Atlantic City, September 28 to October 1. In Haddon Hall.

CUMMINS BUSINESS MACHINES CORPORATION

Formerly Cummins Perforator
4752 Ravenswood Avenue, Chicago 40, Illinois

Please send me complete information on the machines indicated below:

☐ Cummins 300 Perforator ☐ Cummins 250 Endorser
☐ Cummins 252 Endorser

Name _____ Title _____

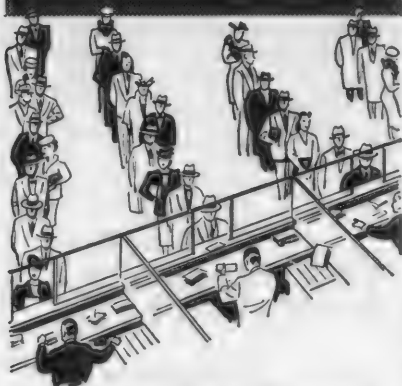
Company _____

Address _____

City _____ Zone _____ State _____



HOW TO ELIMINATE CROWDED LOBBIES



Speed Up Your Check Cashing with New Proved System

Crowded lobbies cost you money!

But there's a way to do away with them. It's the new Fas-Cash System—developed by a banker to enable one teller to do the work of two.

It's a proved method of speeding customer service during check-cashing peaks and other heavy periods.

Doubles Check-Cashing Capacity

What the Fas-Cash System has done for other banks, it can do for yours. You can cash checks in as little as five seconds... cash up to 400 an hour.

Waiting lines will move more than twice as fast. Customers will appreciate your fast, efficient service.

FREE!

"FOUND: A New Way to Cash Checks Twice as Fast."

Illustrated folder explains how and why the Fas-Cash System will save you money. Send coupon below.



FAS-CASH SYSTEM

Enables 1 Teller to do the Work of 2

FAS-CASH SYSTEM, INCORPORATED
1356 National Bank Bldg.—Dept. BA-9
Detroit 26, Michigan

Yes... we want to improve customer service. Rush details about the Fas-Cash System, together with free illustrated folder.

Name _____

Bank _____

Address _____

City _____

State _____

found it to be a very difficult assignment.

"I then requested the same assignment, giving them two weeks to complete it, with the provision that for the best advertisement I would give a silver dollar, and call it 'The Silver Dollar Advertisement.'"

"They all responded, and each advertisement I read to the class, and for their efforts in originality, presented each one a silver dollar.

"What pleased me most was the fact that all students said they found pleasure in writing this bank advertisement, because it made them think, and become better acquainted with all departments in their bank, and that since then have taken more interest in their bank work.

"I suggested that each student bring his advertisement to his officer in charge of advertising, requesting that it be incorporated in the bank's program of advertising, with credit to the student for her or his work.

"The students in presenting these advertisements found ready support by their officers and many of them now appear in printed form."

Mr. Daley is an assistant secretary of the PROVIDENCE INSTITUTION FOR SAVINGS.

A Bank's Community Forum

An important part of the long range public relations program being carried forward by the MANUFACTURERS BANK AND TRUST COMPANY of St. Louis is the monthly meeting called "The Manufacturers Bank Forum" at which such

Joseph A. McLain, chairman of the St. Louis City Planning Commission and vice-president of the Wabash Railroad, addressing a Manufacturers forum in the bank lobby. Also on the platform is Joseph F. Holland, a vice-president of the bank and president of the South Broadway Merchants and Manufacturers Association, the community group which is sponsoring the community development discussions in cooperation with the bank



MAKE THAT DREAM COME TRUE by saving regularly

When you save regularly, you save more... for Travel, Education, Vacation, Security!

AT ONE TIME or another we all "dream" of things we'd like to have, places we'd like to go, and things we'd like to do. Practically all these beautiful "dreams" depend on money! So why not start saving money right now... and make some of your "dreams" come true?

For over a century... 128 years to be exact... the "Old Stone Bank" has helped thousands of Rhode Islanders save with safety. And from this long experience we have found that the depositor who saves regularly... every month, week or pay day... saves more AND achieves his thrift goal even sooner than he had expected!

You can open an account here with \$1 or more. So why delay? Start saving regularly today!

"Interest from Day of Deposit to Day of Withdrawal"

PROVIDENCE INSTITUTION & SAVINGS

One of the Providence ads

community matters as city planning, area rehabilitation and general civic improvements are discussed by competent speakers. The public attends the meetings, held in the bank lobby.

The forum, discontinued during the Summer, will be resumed September 25. Several nationally prominent speakers have indicated their willingness to take part in the discussions.

The meetings held thus far have resulted in many tangible gains for the community in which the bank is situated. Merchants and retailers in the area have united in a series of successful cooperative advertising campaigns, the idea for which originated at one of the meetings.

Also, surveys have been started in

the district preliminary to work of housing projects. These also are the direct outgrowth of the bank forum.

One speaker, A. P. Greensfelder, prominent engineer and builder, became so enthusiastic about an architects' contest discussed at the meeting that he contributed \$500 to the award fund. The contest has a two-fold purpose: To furnish working plans for both housing and commercial modernization in the area, and to stimulate public thinking along the lines of community rehabilitation.

Seven-Day Banking

To compensate for the widespread trend toward the five-day bank week, the ONONDAGA COUNTY SAVINGS BANK of Syracuse, New York, has installed a self-service banking innovation which permits customers to bank seven days a week.

Copyrighted as the "7 Day Banker" this new service offers bank patrons the opportunity to make deposits, withdrawals, open new accounts, pay mortgage instalments, buy U. S. Savings Bonds, present passbooks for entry of dividends, and pay safe deposit box rentals.

The "7 Day Banker" is located in a corridor of the bank building, open to the public daily from 7 A.M. to 11 P.M. An attendant is available during this period to answer questions on any transaction.

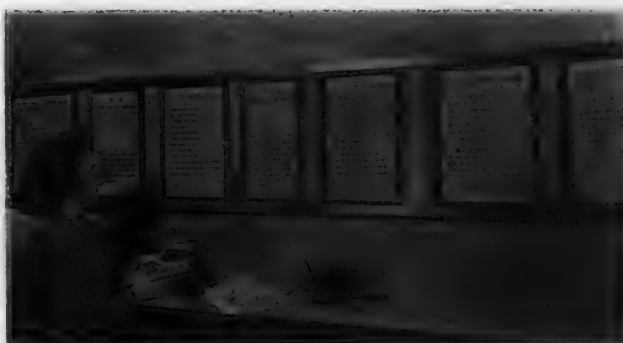
Simple, clear directions are posted on how to use each service. When the customer has filled out the necessary form, he seals it, with his passbook and funds if required, in a special envelope, and drops the envelope into a chute leading to a safe in the bank quarters proper. On the next banking day the safe is opened and transactions handled by members of the bank's staff. Each transaction is routed to the correct department and the passbook, plus any receipts, are mailed to the customer that afternoon.

In addition to easing the banking problems of those inconvenienced by the five-day bank week, the service is proving convenient for hundreds of Syracuse residents who had previously found it difficult to reach the downtown area during working hours.

Furthermore, during regular banking hours depositors who may be in a hurry when long lines are waiting at the tellers' windows can now complete their transactions immediately by using the new facilities.

As examples of the interest with which the "7 Day Banker" has been

Instruction panels and deposit desk for the 7-day service



received by the public, President Perin L. Babcock cites these two cases: a customer telephoned the bank to report that he had been carrying a government check for three weeks due to his inability to get to the bank during normal banking hours. He was delighted that the new service had solved his problem.

Another man, within a few hours after the service was announced, opened a \$2,000 account.

For the Community

The MERCHANTS NATIONAL BANK of Kittanning, Pennsylvania, celebrated its 50th anniversary by doing something for the city. It financed a preliminary report for the development of a recreational program.

The bank's contribution was kept anonymous until the report, prepared by an expert, had been completed and the recommendations published. Then the MERCHANTS told its story in an ad and in a letter, signed by the board of directors, to the editor of the local newspaper.

"The purpose of this plan," said the bank, "is to provide Kittanning with a continuous and well supervised recreational program for children and adults; to insure the permanence of suitable areas and facilities for carrying out the program; to develop the resources of natural beauty which we are fortunate in having. We are confident that the development of such a program will bring tangible evidence of general improvement for the entire community—not only in recreation and beauty, but in health, wealth and civic pride.

"In presenting this on our 50th anniversary, we do so in appreciation for the 50 years of continuous banking service which we have been privileged to render in this community. We trust that during the next 50 years we may all grow greater in health, wealth and spirit; and that our children and our neighbor's children will have an even greater heritage than we had."

Nine Decades

"Ninety Years in Chenango County" is the title of an attractive brochure published by THE NATIONAL BANK & TRUST COMPANY of Norwich, New York, in observance of a recent birthday.

The text, illustrated with drawings, recalls important national and local events from the 1850's to the present. Included, too, are the stories of business and of agriculture which together have meant the success and prosperity of the area. It is dedicated "to all of the men and women of the community who have contributed so much to our progress and general welfare."

The story, says President. Otis A. Thompson, is "a record of substantial achievements of all our people. From these achievements may we receive inspiration and renewed faith in the future of our community and of our nation."

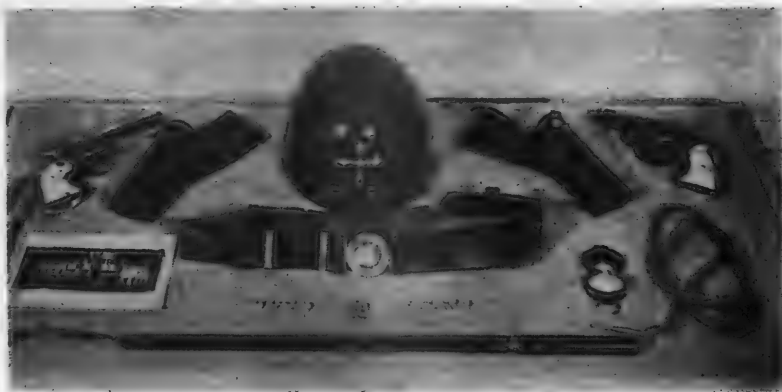
Publicity Outlet

Perhaps there's an idea for other banks in a story that appeared in a recent issue of *Philadelphia*, a magazine devoted to publicizing the civic, commercial and industrial development of that city.

The article is about the LAND TITLE BANK AND TRUST COMPANY—of more specifically, the title department—"oldest title insurance company in the world."

"Its records," says the story, "not only go back to the days of William Penn, but are so complete that if those in the office of Philadelphia's recorder of deeds were to be destroyed, the bank could recreate them in abridged form from its own data. The files are of such value to the financial, business and real estate interests of the city, as well as to the bank, that Land Title Bank has insured them for over \$1,000,000.

"Furthermore, the records are kept up-to-date continuously with a running history of every deed recorded in Philadelphia County."



Some of General Patton's accoutrements on display at The First National Bank of Boston

A General Patton Exhibit

THE FIRST NATIONAL BANK of Boston has been exhibiting the medals and citations awarded to General George S. Patton, Jr.

In an invitation sent to depositors, President Charles E. Spencer, Jr., said "New England's great and gallant soldier will never be forgotten by the American people, whom he served so well, or by the freedom-loving people of other lands whom he helped to liberate from tyranny."

"Many of these awards," Mr. Spencer continued, "will recall the memory of his inspiring leadership in the great campaigns of North Africa, Sicily, France and Germany. This exhibition is made possible through the generosity of Mrs. George S. Patton, Jr., whose invaluable cooperation is gratefully acknowledged."

Included were a portrait of the general painted by Boleslaw Jan Czekowski near Salzburg; several of his personal possessions, including his helmet and belt; personal flags; citations; and some of the honorary citizenship papers and degrees presented to General Patton by communities liberated by the armies under his command.

The medals were arranged in sealed plastic cases, illuminated by fluorescent light.

One of the most interesting items was the fluorescent insignia bearing the letter "P" which the general wore to identify him in the night landings.

DESIGNED TO PERFORM . . .



Years ago, index cards were cut by hand — a slow and inaccurate process. On today's modern high speed rotary machines uniformity of slitting and cutting is assured.

EAGLE-A ACCEPTANCE INDEX

is an ideal 50% cotton content bristol for the higher grades of index and record keeping cards. Suitable for all forms of printing, Eagle-A Acceptance Index has the stamina to withstand frequent handling, has an ideal ruling and erasing surface, and is uniform in caliper.

Specify Eagle-A Acceptance Index to your Printer, Lithographer or Ruler for index cards or jobs requiring a strong bristol.

EAGLE-A PAPERS

AMERICAN WRITING PAPER CORPORATION • HOLYOKE MASSACHUSETTS

Accent on Savings

The GARY (Indiana) NATIONAL BANK has just completed a two-month thrift campaign that brought in 2,768 new savings accounts with opening deposits of more than \$902,000.

"This," comments Assistant Vice-president H. S. Jackson, "proves that good old-fashioned thrift is still popular. About all you need to do is give the customers a shove in the right direction by means of continuous reminders."

These the bank provided in the form of 20,000 folders encouraging thrift, distributed by direct mail, with monthly statements and to other customers. Daily advertisements on thrift appeared in the local paper, savings posters were placed in the lobby, and window displays repeated the message. A new account desk did a thriving business.

Prior to the campaign's opening the bank's staff was invited to a dinner meeting at which the program was discussed.

(CONTINUED ON PAGE 108)



Bookkeeping Simplified

with UNIT PLAN DESKS
at Industrial National Bank—Detroit

Simplification creates savings in the Unit Bookkeeping Plan now in use at Industrial National Bank. Bookkeepers become thoroughly acquainted with accounts—take care of more accounts with less fatigue—because they enjoy diversified work, handling all operations of sorting, posting and filing.

"General efficiency of our entire department has increased," writes N. E. Dingerson, Asst. Vice-President. "Each bookkeeper has at her fingertips all the material necessary for her complete operation. These units are equipped with locks and are fire-resistive to a high degree. We are secure in the knowledge that our valuable records are safe at *all times*."

Dollar-saving efficiency—simplified, orderly operation—errors reduced to a minimum—and certified fire protection for vital ledgers and cancelled checks, 24 hours a day,—these are the results accomplished by the Unit Plan. For more facts, write Systems Division, 315 Fourth Ave., New York 10.

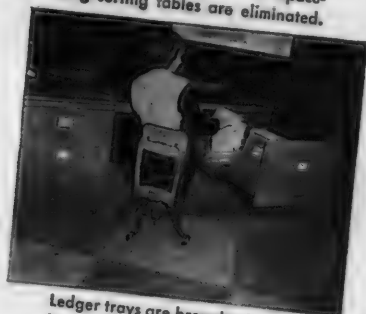
We'll be looking for you at the ABA Convention, Atlantic City, Sept. 28-Oct. 1

Remington Rand

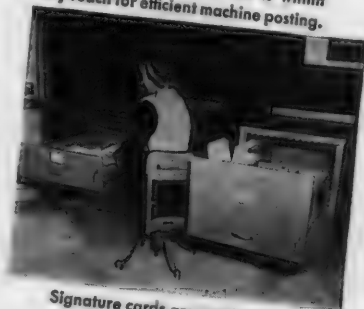
THE FIRST NAME IN BUSINESS SYSTEMS



Extension top provides ample space for sorting checks, as bookkeeper works in comfortable seated position. Space-wasting sorting tables are eliminated.



Ledger trays are brought close to bookkeeper on a special sliding shelf. Every card in the Safe-Ledger File is within easy reach for efficient machine posting.



Signature cards are available for quick reference, without wasteful walking and confusion. All required records are concentrated under unit control.

Methods and Ideas

(CONTINUED FROM PAGE 106)

A similar drive in the Summer of 1946 brought 1,703 new savings accounts.

"We cannot help but feel," says Mr. Jackson, "that good public relations plus a planned campaign will always bring results."

Many banks have interesting stories to tell, and local publications, such as *Philadelphia*, offer a good means of telling them.

Wisconsin Banks

The *Milwaukee Sentinel* performed a

friendly service for Wisconsin by publishing, in pamphlet form, a compilation of the 459 institutions in the state which had deposits of more than \$1 million on December 31, 1946.

Frank L. Taylor, the paper's financial editor, did the compiling. He points out that despite withdrawals of war loan deposits and increased spending for postwar goods, "the individual has continued thrifty" and most of the difference created by war account withdrawals has been made up.

"It is a public reaction," he asserts, "that reflects, in addition to thrift, a continuing confidence in the security

of Wisconsin's banks and the integrity of its bankers."

The Best Things

The PUBLIC NATIONAL BANK AND TRUST COMPANY of New York issues a little folder, "The Best Things in Life," which sketches "a program for better living." Published as a service to thrift depositors of the bank, the folder points out that such a program "aims first of all at securing *worthwhile* things in life—the big important things which bring real satisfaction in living."

Sensible men and women, it says, are keeping their Savings Bonds, increasing their cash reserves, carrying adequate life insurance, spending only for useful and beneficial things such as a home, and avoiding speculation of any kind.

Favor

When the HOME STATE BANK of Crystal Lake, Illinois, had an "open house" to show the public its newly modernized quarters, customers received a card reading as follows:

"Here's Your Sample—For many years we have been asked for samples of our merchandise. We want you to accept this with our compliments. In these inflationary times a dime doesn't seem to go far, but remember: It is the accumulated dimes of our Crystal Lake savers that have built our savings accounts to their present total which approaches \$2,000,000."

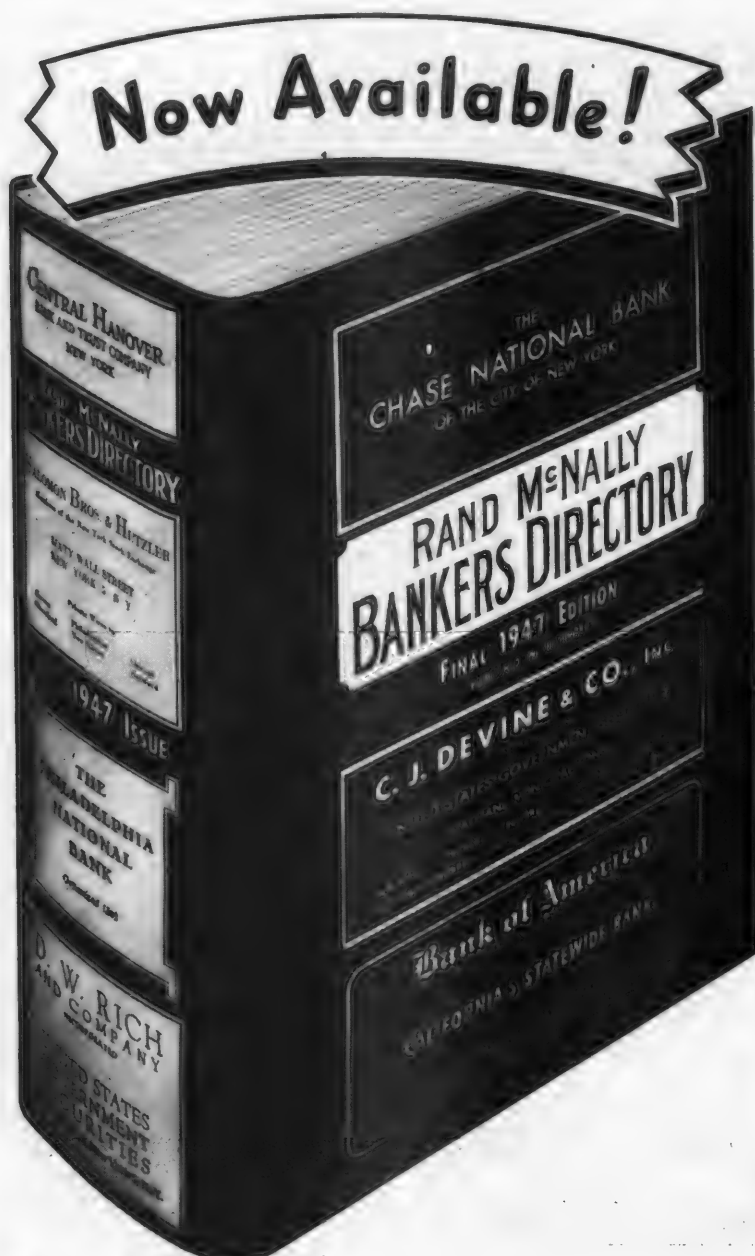
In the upper left hand corner of the card was a pocket containing a dime.

Pension Trust Aid

The BRIDGEPORT-CITY TRUST COMPANY has invited other Connecticut banks and employers with employee retirement problems similar to its own to use the investment and trust administration facilities which were provided to handle its own pension trust plan, established last year.

Under this arrangement, each employer would have its own attorneys prepare its own pension retirement plan to meet its particular requirements and would then participate in the pension trust of The Bridgeport-City Trust Company. This would give the participating employer, at small cost, the benefits of the administration of a large, diversified, investment fund with resultant economies of operation and safety. Certain mortality experience of participants would also be combined, thereby affording a degree of actuarial soundness and stability not available in separate plans.

In addition, most of the administration (CONTINUED ON PAGE 110)



*It's good to meet
an old and
trusted friend . . .*



**YOUR CUSTOMERS KNOW
AND TRUST . . .**

The best known name in paper

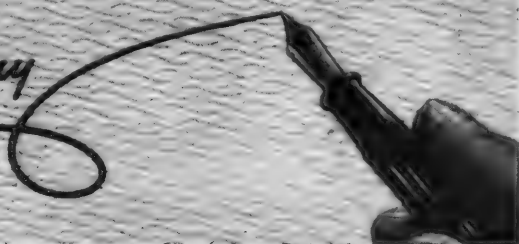
When your customer sees the Hammermill Safety surface design on his checks, it is like meeting an old friend whom he trusts and respects. He uses Hammermill papers in his own business. The name itself means to him tried and proved reliability.

Checks on Hammermill Safety are a continuing, unobtrusive reminder that even in the

matter of choosing paper, sound judgment guides your bank management. That is, we believe, good public relations.

A note on your bank letterhead will bring samples of this fine paper. Just address Hammermill Paper Company, 1501 East Lake Road, Erie, Pennsylvania.

*Safety Paper Division
Hammermill Paper Company*



Methods and Ideas

(CONTINUED FROM PAGE 108)

tive and all of the investment detail work would be assumed by the bank, actuarial and consulting services would be made available to participants at minimum cost, and participants would receive the continuing benefits of the bank's experience and studies.

An explanatory booklet outlines basic and supplementary provisions that other employers might incorporate in their pension plans.

News About Banks

The difficulties and dangers involved

in burdening an inexperienced woman with estate problems are discussed from her point of view in a booklet, "How Much Freedom Do Women Have?" published by THE LINCOLN NATIONAL BANK of Cincinnati.

The UNION SQUARE SAVINGS BANK, New York City, has removed iron palings from a section of a stone ledge along the 15th Street side of its building and placed a board seat on the ledge. A small sign above reads: "The Union Square Savings Bank invites you to rest here while waiting for your bus."

As part of its 60th anniversary

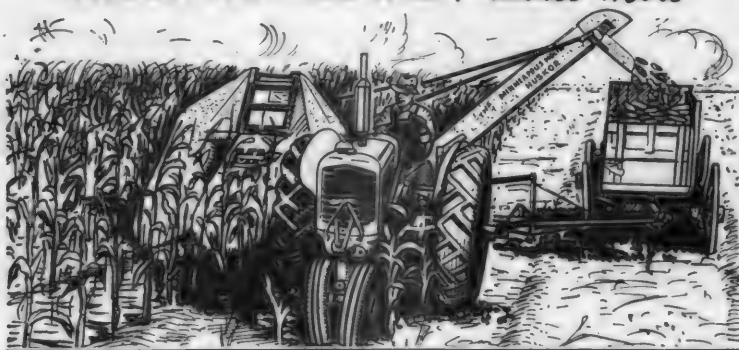
observance, THE GREENWICH (Connecticut) TRUST COMPANY gave wide circulation to a two-color broadside, equal in size to two full newspaper pages, telling the bank's story.

The FIRST NATIONAL BANK of Pikeville, Kentucky, published an advertisement showing the number of customers (363) it had in 26 other states and the amount of their deposits (\$1,774,647.42). Three of the customers live in foreign countries.

Four letters on communism, originally appearing in the St. LOUIS UNION TRUST COMPANY *Letter*, have been reprinted in pamphlet form. Written by Vice-president Towner Phelan, their titles are: "The Background of Communism and Fascism"; "The Influence of Communism Upon Political Thinking in the United States"; "The Relationship of Communism in the United States to World Communism"; and "Communist Activities in the United States."

The savings banks of New York State recently started a newspaper series of cartoon type ads featuring frequency of appearance, simplicity of copy and continuity of theme. The campaign is hammering at one idea: "See Your Savings Bank Every Payday" and is supplemented with posters, counter displays, decalcomanias, and other material for use by the member banks. The emblem of the campaign is "The Wise Old Owl" which in each piece of copy says: "Saving Makes the Difference Between Wishing and Having."

MODERN METHODS WILL Produce More

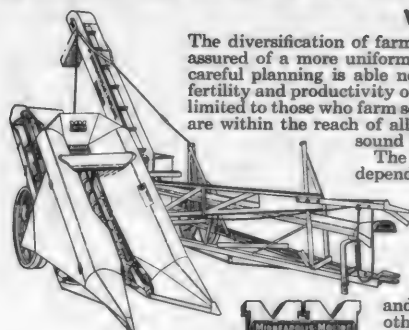


WITH MODERN MACHINES

The diversification of farming is a safeguard to the farmer. He is assured of a more uniform income over a period of years, and by careful planning is able not only to maintain but to increase the fertility and productivity of the soil. No longer is diversified farming limited to those who farm several sections. MODERN MM MACHINES are within the reach of all good farmers, and are an economically sound investment even for smaller acreages.

The all-round economy, performance, and dependability of the MM HUSKOR recommend it as a wise investment. A 1-2 plow or 2-3 plow tractor provides ample power for the light draft, easy running HUSKOR. Harvesting a large acreage quickly and getting all the corn are but two of its many advantages.

Get complete information on one-row and two-row models of MM HUSKORS and on other MM MODERN MACHINES from your MM dealer. MM equipment is worth waiting for!



MINNEAPOLIS-MOLINE POWER IMPLEMENT COMPANY

MINNEAPOLIS 3 MINNESOTA, U.S.A.

"Do you have some sort of pay-as-you float plan?"



Dick
McGon

BANKING

THE IBM PROOF MACHINE— engineered to simplify check proving and distributing



The IBM Proof Machine is especially designed to perform accurately and easily all proof department operations in a bank. In one simple operation, checks are sorted, proved, listed, and endorsed simultaneously. All checks are inserted in one slot; the machine performs all the sorting automatically. Amounts are recorded by touch

operation on a ten-key adding keyboard, and listed on as many as 24 separate distribution tapes. Relisting thus is reduced to a minimum.

By eliminating needless operator effort, the IBM Proof Machine, which was designed expressly for use in banks, speeds and simplifies all phases of proof and distribution work.

IBM

ELECTRIC PUNCHED CARD ACCOUNTING MACHINES
PROOF MACHINES . . . ELECTRIC TYPEWRITERS . . . SERVICE BUREAU . . .
TIME RECORDERS AND ELECTRIC TIME SYSTEMS

International Business Machines Corporation, World Headquarters Building, 590 Madison Avenue, New York 22, N. Y.

World Business

(CONTINUED FROM PAGE 36)

haps the group of studious Congressmen examining the situation on the ground under the acting chairmanship of Representative Christian Herter of Massachusetts will come home with the facts about the financial position of Britain and the continental countries.

Travel Notes

Among Washington's European travelers this Summer is J. Burke Knapp, who heads the Federal Reserve Board's research on international matters and is a regular participant in NAC meetings. Mr. Knapp will represent the Board of Governors at the September meeting of World Fund and Bank governors in London. Before he sailed in August Knapp told *BANKING* of his travel plans. "Despite the considerable pressure of work here I have decided that it would be very worthwhile to spend three weeks on the Continent prior to the London meeting to observe and study economic conditions and renew relationships with central banks. I plan to spend 10 days in France, Belgium and the Netherlands, and 10 days in Germany, visiting Berlin and the American and British zones. Germany seems to be the country most difficult to assess from a distance and I have had a special interest in German problems since my work as economic advisor to Ambassador Murphy in 1945." While in England, Mr. Knapp also will attend a meeting of the Institute of Pacific Relations.

Something new for the traveling businessman abroad is a club-and-office combination service which has been opened in London by a new British organization known as International Business Services, 14 Arlington Street, Picadilly. On a yearly, monthly or weekly basis members have the use

of comfortable reading and writing rooms, an information bureau, a reference library, a multilingual staff, a London address, complete with telephone and secretarial services. Services offered include making travel, hotel, theater and similar reservations, handling mail, telegrams, telephone and personal calls, answering inquiries, stenography and typing, and the like. Rooms may be booked for conferences. A year's membership costs \$100.

Letter from China

From China the other day I received from a friend a one-page airmail letter bearing five postage stamps with a face value of \$4,900 (Chinese). The letter dealt in part with the scandals which had surrounded the public sale by the Chinese Government of some \$200,000,000 (US) worth of gold which this country had supplied as part of the \$500,000,000 war-time "loan" to China. The truth about the scandals is unlikely to be told. According to the writer of the letter, a skilled observer of Chinese affairs, "the traces were always covered up in a very clever way so that one could not follow them, or, if one did, one would soon get a hint that it might be better not to show too much interest." He continues:

A question which interests us at the moment much more is the USA loan to China which Wedemeyer is supposed to bring with him. Should this be confirmed, I do hope that your people will be wise enough—after the past experience—to insist on an American control of the use of the money. If you don't you will have to pump millions and billions into China without any results except that a few more people will fill their pockets.

At the same time there comes to hand a UP report of a Nanking meeting of Chiang Kai-shek with a group of American editors, whereat the Generalissimo admitted that his government is undemocratic "and that some of the men around him are corrupt."

● Predictions from authoritative sources indicate new construction will mount steadily in 1948. Now is the time to consolidate your position by affiliation with an established producer of prefabricated homes — NATIONAL HOMES Corporation. These beautiful homes, in a variety of exterior designs and floor plans, are accepted for FHA mortgage loans. They have steel columns, beams and bar joists, aluminum windows, and insulated exterior walls and ceilings. They are the homes thousands of families have been waiting for and will buy. Construction and Sales Financing Available through National Homes Acceptance Corporation. We invite your inquiries.

**BE
READY
with
National
for
BUILDING'S
UPSWING**



Sold Within 350 Mile Radius of Factory

NATIONAL HOMES CORPORATION • Lafayette, Indiana, U.S.A.

The Freedom Train

ON September 17, the 160th anniversary of the signing of the Constitution of the United States, seven railroad cars bearing more than a hundred precious American documents will start a 33,000-mile patriotic pilgrimage that is to visit 300 communities and cover every state during the next year.

"Freedom Train," which will give millions of Americans a chance to see such historic papers as the Declaration of Independence, the Constitution, the Bill of Rights and the Emancipation Proclamation, is the dramatic spearhead of the "Year of Rededication" program sponsored by the American Heritage Foundation.

The Foundation, whose chairman is Winthrop W. Aldrich, chairman of the board of The Chase National Bank, New York, is a non-profit, non-partisan organization comprising leaders of American business, labor, religious, racial, fraternal and other groups. Its program is offered as "a plan to raise the level of active citizenship in our country."

In addition to Rededication Year and the Freedom Train tour, the program calls for Rededication Weeks, local observances arranged to coincide with the train's visits to the communities on its long itinerary. Special events will mark each day of these weeks.

Freedom Train was proposed by Attorney General Tom Clark, and the arrangements for its journey were developed in cooperation with the Foundation. This is the first time that the priceless documents it will carry have been brought together into one exhibit. They have been loaned by the National Archives in Washington, D. C., the Library of Congress, state libraries and private collections.

The Declaration of Independence to be shown on the train is a manuscript copy attested by Benjamin Franklin and sent by him to the King of Prussia in an effort to win support for the colonies. The Constitution to be displayed is a printed draft annotated in the hand of George Washington.

The originals of these documents could not be lent without a resolution by Congress.

The Gettysburg Address is the brown paper manuscript in Lincoln's handwriting. Other papers range from a Magna Carta and the Mayflower Compact to the Charter of the United Nations.

Commenting on the program of American Heritage Foundation, Mr. Aldrich emphasizes that the organization is "completely non-partisan."

"The program it stands for," he says, "is not a Democratic program or a Republican program. While sponsorship of such enterprises as the Freedom Train by the Department of Justice through the Attorney General is welcome, the Foundation is simply a citizens' program and will remain so."

"In every state and in every city, governors and mayors will be invited to sponsor the project within their geo-

graphical jurisdictions. Since these officials represent different political views, the broadest kind of support will be obtained in the most representative way. It could not be otherwise, for the Constitution, the Bill of Rights and all the other sacred documents to be carried aboard the Freedom Train belong to all the people.

"The 'Year of Rededication' will be financed by the American Heritage Foundation. Contributions from industry, labor and private citizens will support the entire venture. There will be no government support whatsoever."

The introduction and conclusion of the Declaration copy the train will carry

*In Congress July 4, 1776
A Declaration By the Representatives of the
United States of America in General Congress
assembled.*

When in the course of human events, it becomes necessary for one People to dissolve the political bands which have connected them with another, and to assume among the Powers of the Earth, the separate and equal Station to which the Laws of Nature & of Nature's God entitle them. A decent respect to the Opinions of Mankind requires that

*of this declaration, with a firm reliance on the
Protection of Divine Providence, we mutually pledge to
each other our lives, our Fortunes, and our sacred Honor.*

*Signed by Order and in behalf of the
Congress:*

John Hancock President.

Attest

Charles Thomson Secretary

A True Copy of the Original Declaration

J. Hancock
Decree

The 5 W's of News in Your Bank

(CONTINUED FROM PAGE 45)

club leaders and extension agents are publicity-minded and it will not be amiss for your bank to plan some publicity for the youth activities in which you engage.

Here's an example of a news story about banks and farm youth:

Awards Holstein to FFA Student

The First National Bank of Enumclaw recently awarded a Holstein heifer to Joe

Felchin, outstanding student of the FFA.

The award, presented on behalf of the bank by Cashier Ben Johansen, was made under the bank's "perpetual dairy calf project." A contract was entered into between the bank and the Enumclaw Chapter of the FFA permitting chapter members to choose the annual winner. The winner, in turn, is given an opportunity to choose an animal from one of three main dairy breeds—Jersey, Guernsey and Holstein. The bank paid \$300 for the three-year-old registered Holstein heifer selected by the winner.

Other Washington banks following similar programs include the First National Bank of Mount Vernon and the First National Bank of Ferndale.

Humanized Financial Statements

One of your bank's best opportunities to tell about its own activities comes when the financial statement is published. The average newspaper reader knows that it takes a certified public accountant to explain what the figures under "Assets" and "Liabilities" really mean, and here's your chance to do some helpful, worthwhile explaining.

There is nothing unethical about a bank comparing its' outstandings in loans and discounts with six months or a year ago, and interpreting these figures in the light of expanding local business and industry. The items "Demand" and "Time Deposits" can be brought alive and made clear to the community when set forth in terms of the community's wealth. Perhaps these figures can be highlighted with a paragraph about the oldest and the youngest depositors, or the oldest account on the bank's books. Banks are long-lived, and perhaps 50 years ago an account still active had some connection with an outstanding local event—maybe the building of the public library or the "opera house."

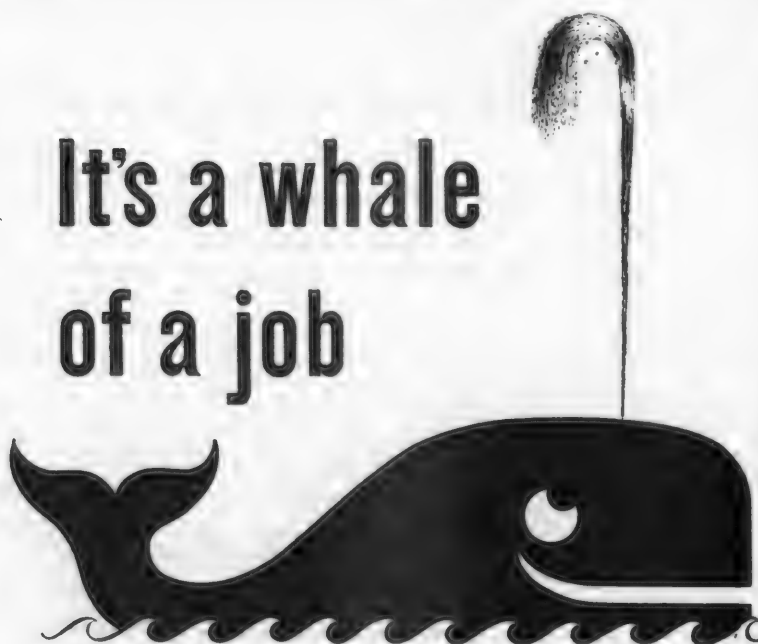
An item in the call report that should never be neglected is capitalization. The public should be told that capital stock, surplus and undivided profits are a cushion to protect the bank's depositors and to insure its stability and continued service.

Sometimes, of course, it is well to call attention to the percentages of cash and readily liquid assets compared to the total resources of the bank as indicative of the availability of funds for the extension of credit. However, many banks place too much emphasis on liquidity, little realizing that unemployed funds are unproductive and that only through local loans is money employed to build the community.

Telling Your Story

Most of the smaller banks—and some of the larger ones—do not have a staff member qualified to write news stories in a form acceptable to editors for publication. It's better, therefore, that information be supplied to the papers in factual form, either orally to a reporter or in a prepared "release." If you want to do your own writing, here are some suggestions that may help.

A fundamental of news writing is that the first paragraph of a straight news (CONTINUED ON PAGE 116)



It's a whale of a job

We're adding new telephones at the rate of about 300,000 a month. That is 10,000 a day... And still it isn't enough.

SINCE V-J Day, we've added more than 5,500,000 telephones. But fast as we put in one telephone, there comes an order for another. Sometimes two more.

So even though we're going full speed ahead, we haven't been able to catch up with all the orders for telephone service.

We're moving faster than anyone thought possible—with shortages and everything—and we have broken all kinds of records.

It's a whale of a job and we're eager and impatient to get it done. For we don't like to keep anybody waiting for telephone service.

BELL TELEPHONE SYSTEM



Diebold

I N C O R P O R A T E D

(IN ITS 88TH YEAR)

*has continued to carry on
the business of*
YORK SAFE & LOCK CO.

(IN ITS 60TH YEAR)

since January 1, 1946

The Safe and Vault business of York Safe & Lock Co., has been carried on as a division of Diebold, Incorporated since January 1, 1946. There has been and will be no interruption in service to the many vault customers of that firm.

Thirty-nine Diebold sales and service offices are daily serving the needs of bankers from coast to coast.

YORK SAFE AND LOCK CO.

DIVISION OF DIEBOLD, INCORPORATED

Bank Vault Installations, Fire and Burglar Resistive Safes, Chests and Vault Doors.

UNITED METAL PRODUCTS

DIVISION OF DIEBOLD, INCORPORATED

Hollow Metal Doors and Interior Metal Trim.

McCLINTOCK DIVISION

DIVISION OF DIEBOLD, INCORPORATED

Bandit Barrier System, Burglar Alarms, Bank Vault Ventilators and After-Hour Depositories.

CARDINEER

DIVISION OF DIEBOLD, INCORPORATED

The Revolutionary Rotary File holds 5500 records . . . at your fingertips.

FLOFILM

DIVISION OF DIEBOLD, INCORPORATED

The newest MICROFILMING camera, one-hour developer, motorized bright screen reader.

VISIBLE RECORDS

DIVISION OF DIEBOLD, INCORPORATED

Every modern device for simplifying and speeding the keeping of your records.

DIEBOLD • INCORPORATED • CANTON, OHIO

Established 1859

(CONTINUED FROM PAGE 114)

story shall answer these questions: *What, where, when, how and why.* The first paragraph is actually a synopsis of the entire story and contains the attention-getting fact about the event or subject. In subsequent paragraphs the story is developed at length.

A mistake commonly made by businessmen in supplying information to newspapers is failure to provide complete names, initials, and titles when mentioning people or institutions. For example, a man may be known as John J. Jones or J. J. Jones, but it is never correct in a news story to say Mr. Jones if you have not previously identi-

fied him more fully. Either use one name and initial or two initials. This is a pet peeve of most editors. The same applies to names of businesses or institutions.

If your bank's name is the National State Bank and Trust Company of Our Town, then it should be so designated. Another common fault is the failure to identify properly a place or a location. If you are having a meeting in the Odd Fellows Hall at 30 Water Street, use both the name of the meeting place and the address.

Another point to remember is that action pictures that will reproduce clearly often tell news stories better

than do words. In sending photographs to the press, it is important to attach captions that concisely tell the stories behind the pictures. All of the people shown in the pictures should be fully identified.

News material should always be typed. This makes for accuracy in reporting in the event that your copy is changed by the editor. Double space it, using one side of the paper only, and allow liberal margins for the use of the editor in writing heads or interlining additional information.

In most newspapers it is the practice to write headlines directly on the copy before it is sent to the composing room. It will be helpful if the first line of typewriting is dropped about three inches from the top of the page.

But above everything else, the information should be accurate and so told that it cannot be misconstrued.

Here's an example of how *not* to write a news story:

A meeting of the board of directors of the National State Bank was held yesterday. The minutes of the previous meeting were read and approved. It was decided to make a large addition to the bank.

Rather, write it this way:

Extensive renovations to be undertaken within a few weeks by the National State Bank will provide Our Town with one of the most modern banking offices in the state. President Joseph J. Smith announced today. The modernization program, etc.

Preparing a Release

It isn't hard to write a news release. Just remember that you must be clear and concise; tell your story simply and then stop.

The first step is to identify the source of the story. This is usually done by writing something like this in the upper left hand corner of Page 1:

News Release From:
State National Bank
R. J. Doe, vice-president

This also tells the editor or reporter whom he can call if he wants more information.

The next step is to tell the newspaper when you would like to have the story published. In the case of the annual report, to be delivered at the stockholders' meeting, your release may be prepared and mailed to the paper several days in advance. To prevent premature publication, put these instructions in the upper right hand corner of Page 1:

Released at 4:00 P.M.
Tuesday, January 14, 1948

You're now ready to start the story. First, of course, you decide what your
(CONTINUED ON PAGE 118)

The Real Test

of the value of a correspondent relationship occurs when a bank is asked to render some type of unusual assistance to its correspondent.

At the American National, we welcome such opportunities to prove the broad scope of our service.

Regardless of whether your bank is large or small, with a city or a rural clientele, you will find us equipped and eager to extend to you the type of cooperation best adapted to your particular requirements. We invite your inquiries regarding any phase of this service.

AMERICAN NATIONAL BANK AND TRUST COMPANY OF CHICAGO

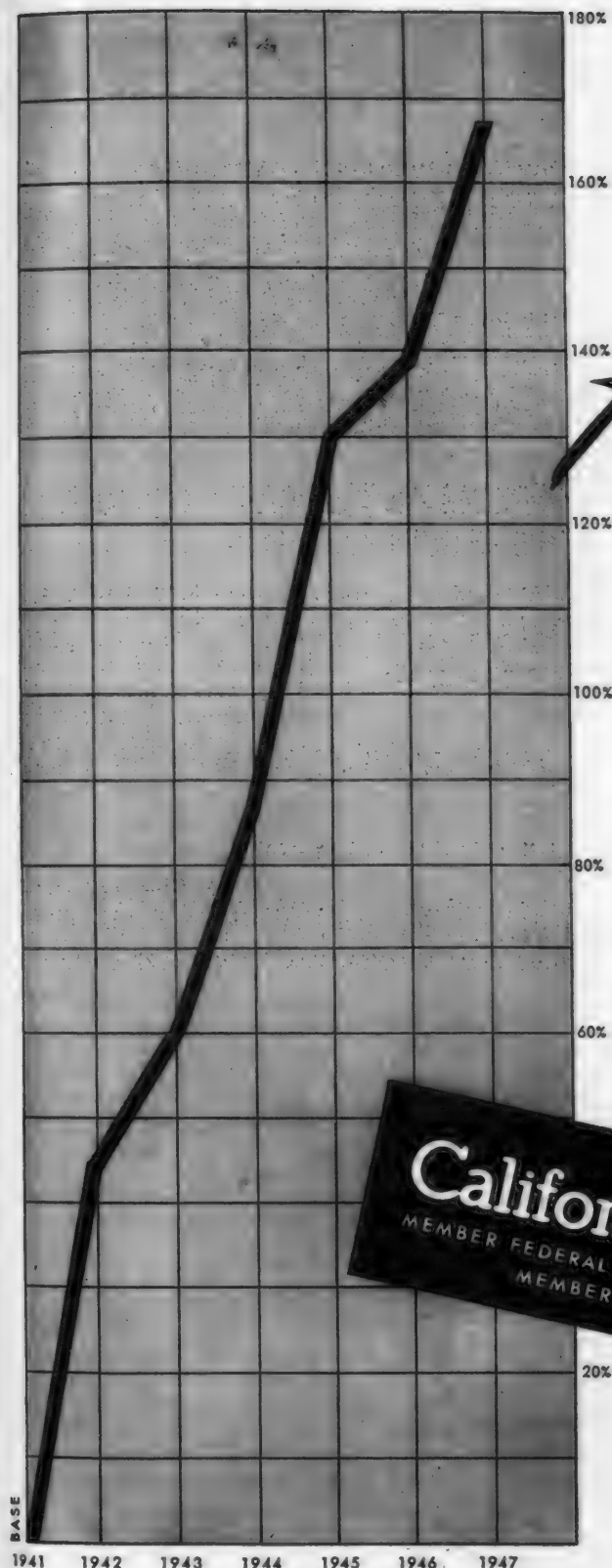
LA SALLE STREET AT WASHINGTON

Member Federal Deposit



Insurance Corporation

OUR BUSINESS IS TO HELP BUSINESS



A Reason

FOR THIS GROWTH IN BANKERS' DEPOSITS

SERVICE PLUS is an important part of CALIFORNIA BANK'S activities.

In Southern California, serving an enormous industrial, agricultural and tourist area, you can count on this bank to take care of the usual—and the unusual—needs of your bank and your customers.



Frank L. King, President

DEPARTMENT OF BANKS AND BANKERS

T. E. Ivey, Jr., Vice President
Gardner Turritt, Assistant Vice President
F. M. Armitage, Assistant Cashier

(CONTINUED FROM PAGE 116)

bank has done during the past year that will be of greatest interest to your customers and fellow-townpeople. What are your plans for the coming year that are important to the community?

When you've answered these two questions and decided which item makes the best story for the bank to tell, your job is well under way.

Remember, the first paragraph should tell "who, what, why, when and where." Remember also that brevity is highly desirable; your story mustn't be padded. Newspaper men like to

remind novices that the Bible tells the story of creation in a little less than 700 words—and that's a bigger story, journalistically speaking, than your bank is likely to have!

So you begin like this:

Reflecting the prosperity of Our Town during the past year, deposits in the State National Bank have increased to \$6,890,000, Richard Roe, president of the bank, reported to the stockholders at their annual meeting today. The total compares with \$5,090,000 a year ago.

This approach immediately brings up a number of questions. What is the

source of the deposit increase? How many new customers are you serving? What new services have you added? Will the increased business necessitate any extension of your bank? How is the money being used in Our Town for constructive purposes? How much did your bank earn, and what was done with the earnings?

And your story continues:

The increase is directly attributable, Mr. Roe explained, to the greater earning opportunities open to the people of Our Town as the result of the establishment of new industry and the resulting expansion in general business.

There has been a substantial growth in population here during the past 12 months and the bank's officers report that the number of its customers has risen from 13,000 to 16,000 persons representing a large cross-section of the trade area.

From here on you can tell about the expanding services the bank offers. Perhaps you've added a consumer credit department or have employed an outside farm representative. Perhaps your bank is now doing a trust business, or you have enlarged your staff and facilities to take care of new business.

It might be well to point out that when a reporter originates a story, you'll be making a mistake if you give it to other papers in the community.

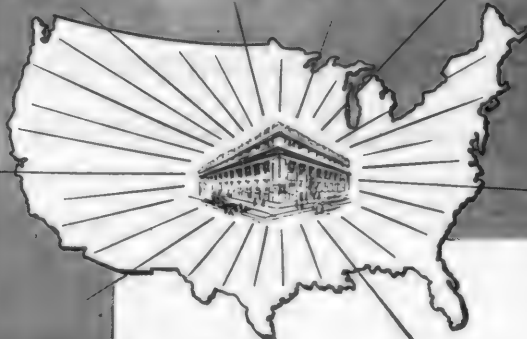
Cooperation

Juel Mosley, managing editor, the Cape Girardeau Southeast Missourian, says:

"Because bankers know more about other people's financial and business affairs than anyone else, bankers can help reporters get items about other people. I wouldn't suggest for a moment that any confidences be violated. But, for example, Mr. Doe comes in to borrow to put up a new store, build a boat or a house. After the loan has been granted, why couldn't the banker say to Mr. Doe: 'Do you have any objection if I tip off my newspaper friend that you have something in mind?' Nine times out of ten the answer will be favorable. I doubt whether the name of the bank could be worked into such an item, for obvious reasons; but the reporter and his boss would be made very happy—and more receptive to the next borderline news item, or which, we all know, there are certain to be many.

"Similarly, loans to farmers to buy land, acquire feeder cattle, build a new dairy barn, etc., could provide news."

1857 90 Years of Progress 1947




from St. Louis...

TO THE WORLD

The specialized facilities of the Foreign Department of this bank, our world-wide connections, extensive knowledge of, and contacts, particularly with, Central and South American banking are always at the service of our depositors and correspondents.

Thus, to the advantages inherent in the central location of St. Louis we add a financial service that truly spans the world. In almost any transaction involving foreign trade, you'll find the services of Mercantile-Commerce swift, dependable and profitable.

MERCANTILE
Bank and
ST. LOUIS 1



COMMERCE
Trust Company
MISSOURI

FOURTY-FOURTH-STREET

MEMBER FEDERAL DEPOSIT INSURANCE CORPORATION

Newspapers are very jealous—and rightly so—of their "scoops."

In general, don't color your news, but don't, on the other hand, be afraid to put your best foot forward. Other merchandisers do—and your merchandise is service. Your bank has tough competition to meet in the form of government-subsidized credit agencies, cooperatives and other lenders.

If you're in doubt about the newsworthiness of a happening, don't hesitate to call your editor or reporter friend.

And remember: *Use all the names you can. Interpret your facts.*

Good Stories

Here are a few suggestions for news stories from your bank:

Your Annual Meeting. Report staff advancements, enlargements of your facilities, new equipment, new services, and other developments that are of public interest.

Your Financial Statement. Interpret the figures on loans, deposits, capitalization, etc., in terms of increased use of bank services and community advancement, giving comparisons with a year ago.

Use of Bank Credit. Note advances or declines in volume of mortgages, personal loans, small business loans, etc., but do not mention individuals or business firms. Rather, give over-all figures that show community trends.

Community Activities of Staff and Directors. Report what members of the bank family are doing as leaders in civic and other organizations such as the community chest, Red Cross, Salvation Army, Scouts, 4-H clubs, Future Farmers, chamber of commerce, service clubs, regional bank groups, state bankers association and the American Bankers Association.

Bank Services Available to the Public. Watch for opportunities to tell the public about aids available to home builders, veterans, business firms; about new markets for local products; Christmas Club and other special savings plans in terms of local retail purchasing power; farm department items such as clerking farm sales, banker-farmer meetings, new farm equipment available in the community, soil conservation and crop diversification, activities in cooperation with state colleges, extension agents and farm youth organizations.

Community Contacts. Be on the lookout for news about new businesses locating in your community and opportunities for the establishment of new industries. Report your bank's part in local fairs, etc.

McKinsey, Kearney & Company

Management Consultants

announce the change of the firm name

to

A. T. Kearney & Company

135 South LaSalle Street • Chicago 3, Illinois

The firm organization and personnel will remain as before.

It will continue to offer consulting services to management:

Production	Cost Reduction
Accounting and Budget Controls	Executive Compensation
Sales and Marketing	Organization Studies
Personnel	Industrial Engineering
Industrial Relations	Financial Reports
Wage Incentives	Economic Studies

Established in 1926 as James O. McKinsey & Company

COLOMBIA

Presents Extensive Opportunities

Colombia, among the leading countries of South America in trade with the United States, will offer increasing opportunity for travel and export and import trade in the years ahead.

Increasing numbers of forward-looking banks and business organizations in the United States are establishing correspondent relations in Latin America, notably with Colombia. Many of them are taking advantage of the exceptional and complete banking facilities provided by this 34-year old institution.

With 25 offices in all commercially important parts of the country, trade information is quickly gathered and forwarded to you. Special departments for handling collections and letters of credit.

Inquiries cordially invited.

BANCO COMERCIAL ANTIOQUEÑO

Established 1912

Cable address for all offices—Bancoquia

Capital paid-up: \$8,184,937.—Pesos Colombian

Reserves: \$8,853,662.—Pesos Colombian

General Manager: Antonio Derka

Head Office: MEDELLIN, COLOMBIA, SOUTH AMERICA

BRANCHES: Anserma (V), Armenia, Barrancabermeja, Barranquilla, BOGOTA, Bucaramanga, Cali, Cartagena, Cartago, Cucuta, Girardot, Magangué, Manizales, Montería, Neiva, Pasto, Pereira, Puerto Berrio, San Gil, San Marcos, Santa Marta, Sincelejo, Tulua, Vélez.

New York Representative—Henry Ludeke, 40 Exchange Place, New York 5, N. Y.

NATIONWIDE
FIELD WAREHOUSING

LAWRENCE WAREHOUSE COMPANY

LARGEST AND STRONGEST
... MOST EXPERIENCED
... SOLVING INVENTORY
FINANCING PROBLEMS

SAN FRANCISCO

CHICAGO

NEW YORK

BOSTON

PHILADELPHIA

BUFFALO

CLEVELAND

CINCINNATI

KANSAS CITY

ST. LOUIS

ATLANTA

CHARLOTTE

JACKSONVILLE

NEW ORLEANS

HOUSTON

DALLAS

DENVER

LOS ANGELES

PHOENIX

SEATTLE

PORTLAND

STOCKTON

FRESNO

BALANCE SHEET

... as of June 30, 1947

ASSETS

CASH IN BANKS AND ON HAND	\$ 284,875.18
ACCOUNTS AND NOTES RECEIVABLE —	
Over 90% Secured by Warehouse Liens	1,633,496.87
DEPOSITS WITH INSURANCE COMPANIES	8,638.99
TOTAL CURRENT ASSETS	\$1,927,011.04
WAREHOUSE AND OFFICE EQUIPMENT	96,784.09
Cost	\$226,392.41
Less Reserve for Depreciation	129,608.32
DEFERRED CHARGES TO FUTURE OPERATIONS	136,572.17
Prepaid Insurance	\$ 11,620.92
Inventory of Stationery and	
Warehouse Supplies	24,201.39
Improvements to Leased Properties	75,519.99
Other Prepaid Expenses	25,229.87
UNAMORTIZED COST OF ADDITIONAL FIELD	
WAREHOUSING BUSINESS PURCHASED	10,000.00
GOODWILL	1.00
TOTAL ASSETS	<u>\$2,170,368.30</u>

LIABILITIES, RESERVES AND CAPITAL

ACCOUNTS PAYABLE	\$ 216,885.28
NOTES PAYABLE TO BANKS	451,000.00
ACCRUED TAXES — NOT DUE	292,296.00
Income Tax Withheld from Employees	\$ 89,453.98
Social Security Taxes	141,922.79
Federal Taxes on 1946 Income	60,919.23
TOTAL LIABILITIES	\$ 960,181.28
RESERVES	150,951.81
For Employees' Profit-Sharing Plan —	
estimated	\$ 70,000.00
For Federal Tax on 1947 Income —	
estimated	80,951.81
TOTAL LIABILITIES AND RESERVES	\$1,111,133.09
CAPITAL STOCK — AT STATED VALUE	573,745.00
Cumulative 6% Convertible Preferred	
Stock Outstanding — 8001 shares —	
\$25.00 par value	\$200,225.00
Common Stock Outstanding —	
25,784 shares — no par value	373,520.00
SURPLUS	485,490.21
Paid-in Surplus	\$ 11,954.20
Earned Surplus	473,536.01
TOTAL LIABILITIES, SURPLUS AND CAPITAL	<u>\$2,170,368.30</u>

Passbooks are Passports TO YOUR BANK

William Exline Inc., has specialized in passbook and fine quality bank printing for nearly half a century. Let us help you provide your customers with better banking.

Manufacturers of

- Savings Passbooks
- Loan Passbooks
- Commercial Passbooks
- Pocket Check Cases
- Personalized Check Covers
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Do Your Directors Read
BANKING's Newsletter?

The Outlook for Consumer Credit

(CONTINUED FROM PAGE 3)

be a \$13 billion over-all total with installment credits by commercial banks approaching the level of \$3 billion by the end of 1947.

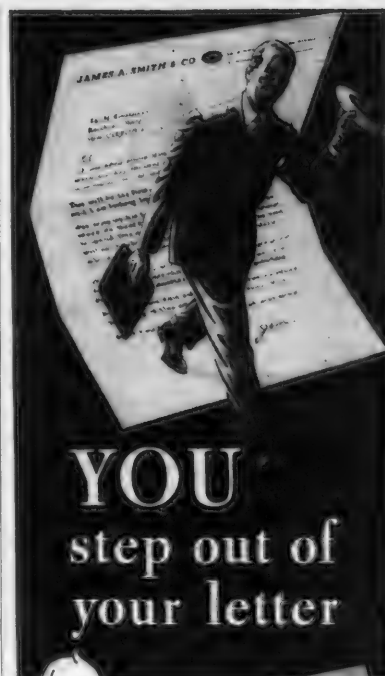
But what about 1948? Will the forces of expansion persist far into the year or will contraction and deflation take hold and bring with them their train of evil consequences, a multiplication of renewals and recastings, delinquencies and defaults and, worst of all, repossessions. If the latter is to be the course of events, it will be a "time of troubles" with losses high and earnings nil. Thus this is by far a more important issue than what will happen in the remaining months of 1947.

Unfortunately it is also a much more difficult question to answer with assurance. One cannot count on the short-run inertia or momentum of business activity. Information about particular situations is not fully available. There are many more factors that must be considered in a long-run forecast, more uncertainties than in the short-run, and the "if" propositions multiply.

Are there basic disequilibria in price relationships, and between prices and incomes, as some maintain, which will bring about consumer resistance until unsold goods pile up on shelves and fill warehouses? Will the export surplus shrink severely as dollar credits abroad become less plentiful? Will commodity prices decline sharply as in 1920? Will, in other words, the long awaited and much predicted recession finally materialize in 1948?

Or will the expansionary forces persist? Will the gold price be increased to \$50 an ounce? Will the Marshall proposal bring forth a plan of European reconstruction which will put billions more of American dollars into Europe? Will private and public investment in buildings, equipment, roads, and other projects be sufficient to support the high level of effective demand which exists today?

I ask these questions to emphasize the point that a long-run forecast is only a tentative statement based upon current information and a reasonable guess as to what the future will hold. With this understanding I am willing to say that the weight of evidence at the present time seems to indicate that the expansionary forces will persist into 1948, almost certainly through the first quarter, probably into the second quarter and perhaps beyond.



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Reduce Debt, Reduce Taxes

TODAY'S economic conditions demand that government expenditures be resolutely cut "to a point which will make possible both debt reduction and tax reduction," the Committee on Public Debt Policy finds in a study of our national debt and the budget. Declaring high taxes to be one of the greatest handicaps to enterprise and the nation's dynamic growth, the committee calls for a revenue system sufficient to meet our huge budget and pare the debt, while leaving room for a flourishing economy under which the debt burden may be carried more easily. The present scale, the committee asserts, exacts "heavy and increasing penalties upon those who make the extra effort, take the extra risk and assume extra responsibility."

The study, the work of Benjamin U. Rathford, professor of economics of Duke University, is the fourth to be reviewed and approved by the Committee on Public Debt Policy. The committee is headed by W. Randolph Burgess, vice-chairman of The National City Bank of New York, and is composed of leading economists, bankers and insurance executives. Its studies are financed by the Falk Foundation of Pittsburgh.

"A policy of debt reduction is desirable," according to the committee, "because: (1) The increase in debt has involved a great expansion in the money supply, which constitutes a danger whenever the psychology of the people becomes inflationary; (2) the size of the debt and its service restricts the freedom of the Treasury and the Federal Reserve System in their credit policies; (3) a large debt makes mistakes in debt management serious, (4) the greater the debt and its service, the more for-

midable the problem of financing some future emergency without acute monetary disturbances."

The present government structure, in the opinion of the committee, is so vast and complex that the organization itself is out of control and the whole mechanism calls for streamlining; but economies will require careful discrimination to avoid impairing essential services, "particularly those which have neither dramatic appeal nor any lobby to support them." What can be done this year is viewed by the committee only as an initial approach to the problem, since a vigorous continuing effort will be needed to bring government spending down to reasonable size.

THE committee believes that substantial savings will require a reconsideration of broad policies for which Congress is largely responsible. With respect to military expenditures, the question is raised whether these policies have been adjusted to the new scientific methods of warfare or whether we are spending for weapons, equipment and training already obsolete.

Regarding the large expenditures for

veterans, the committee believes that payments totaling a billion dollars in the past year for veterans' unemployment allowances at a time of widespread labor shortages calls for a re-examination of the legislation and the administrative policies under which the payments were made. Similarly, the fact that two-thirds of the cases being treated in veterans' hospitals represent non-service disabilities raises a question of major policy.

CUTTING the budget," the committee concludes, "is essentially a political as well as an economic problem. Success will depend on the reaction of the people. Every cut in the budget hurts or inconveniences someone or some group, which puts up a fight against that particular form of retrenchment. A successful long-term program of government efficiency and reduction of unnecessary costs involves public education and public support for sound policies.

"Thus, the problem of reducing government costs is not easy nor simple nor can it be quickly solved. It will call for a continued and vigorous effort. . . ."

"Let's get started, Uncle!"



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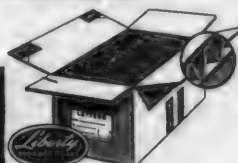
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Asia's Not So Open Door

(CONTINUED FROM PAGE 42)

the American businessman might have less to complain about. Actually it doesn't, but the black market rate has paralleled the cost of living index, running to 8,000 at the time the 7,940 to 1 figure for January was announced.

The intention of this false rate of exchange is obviously to make it cheaper for the Chinese to import merchandise they so badly need. Naturally, the false rate works in reverse when the American buys Chinese merchandise.

Paul L. Harvey, Far Eastern manager of R. H. Macy & Co., has publicly complained of this policy, pointing out that China is "missing the boat" on exports. Products that Americans would normally import from China are now being imported from Mexico, India, Puerto Rico and Italy. The Chinese products, Mr. Harvey explains, are costing 10 times prewar prices and many buyers have simply packed up and gone home.

Frank D. Mortimer, popular proprietor of the American Book Store, finds the difficulties of importing so great that he is seriously considering liquidating his long established and profitable business. "The situation," he said, "has been getting progressively worse for 20 years, until today it is well nigh intolerable. Even when you do wangle an import permit, the losses from pilferage and charges for handling cargo are exorbitant, in some cases

running twice that of the ocean freight alone." He cited the example of his personal experience in ordering five cases of Christmas cards (4,000) of which only part of one case (150) was actually received. "And would you believe it," he added, "we had to pay duty in advance on the entire 4,000!"

Monnett B. Davis, American Consul General, retains to some degree an optimistic outlook. "We are used to crises here," he explained, "but this one seems more critical and long lived than the others." Mr. Davis further stated that the American businessman is not seeking any preferred position, nor does he want any discrimination applied against him.

In a Nutshell

The general consensus seems to be that it may prove worthwhile for the old established foreign business to hang on in China in the hope of better times to come, but that the newcomer cannot afford to go into business under present conditions. As one leading businessman put it, "it costs a new man to get started here 8,000 to 10,000 American dollars 'key money' to get a place to live, and the same for an office, besides his ordinary costs of getting his business established. The prospects aren't worth it." This matter of key money is no joke. It costs anywhere from \$3,000 to \$20,000 just to rent a place to live.

Judge Milton V. Helmick sums the situation up quite fairly. He was appointed judge of the U. S. Court for China in 1934, his 10-year term being interrupted when the court was closed on Pearl Harbor Day, and abolished altogether in 1943 when the extraterritoriality status of Shanghai was nullified. Trapped in China by the war, he was repatriated on the first trip of the Gripsholm in June 1942, returning to Shanghai after the war to represent the Standard Vacuum Oil Company, as its counsel for China. Judge Helmick believes that "the American businessman who has adequate means to mark time, should hold on. We're at the low ebb now," he admits, "and we're hopeful conditions will improve. The government is truly scraping the bottom of the barrel of foreign exchange, and I believe there will soon be an end to all restrictions on exports. In the meanwhile, any manufacturer exporting to China whose product is not strictly essential had better stay out."

TAKE your choice. White and Jacoby in *Thunder Out of China* forecast that "to expect stability in China in our generation would be childish." Judge Helmick, leading legal authority, says hold on, we're at the low ebb now. Randall Gould, leading journalist, says come back in a year. The U. S. Army is pulling up stakes now.

It seems to this observer that General Marshall, former military leader, former Ambassador to China, and now Secretary of State, knows what he's doing.

How to Balance U. S. Trade

(CONTINUED FROM PAGE 38)

would be inevitably heavy. Losses are also likely to be incurred through falls in the prices of the commodity reserves, although the secular upward trend of the price level should tend to wipe out losses and even to secure profits in the long run. Over short periods it would be necessary to envisage expenses and losses which would have to be borne by some equalization fund financed by the Treasury. The cost to the taxpayer would be negligible, however, compared with the losses arising through default on foreign bonds which would be accepted in payment for the export surplus in the absence of a commodity reserve scheme.

The proposed American strategic reserves could largely take the place of the planned international commodity pools, the financing of which by partici-

pants other than the United States would raise in any case some very difficult problems. Alternatively, the international commodity pools could be financed by the United States, and the stocks of commodity kept in the United States as security for loans.

Alternative to Export Surplus

There are, of course, alternative methods of reducing the export surplus. One of them, put forward by isolationists, would consist of simply calling a halt to lending abroad. Since the dollar resources of the deficit countries would soon come to an end, they would be unable to continue to buy American goods in excess of their exports to the United States. Senator Taft and others who think on such lines believe that the operation would not be unduly painful,

since foreign trade represents only 10 percent of American home trade. But those concerned with that 10 percent include some of the most powerful interests, and it seems doubtful whether the solution would be politically practicable, apart altogether from economic objections to its all-too-simple arithmetic.

While the above solution is advocated mostly by right-wing Republicans, another solution for a drastic reduction of exports is canvassed by left wing Democrats. It is that, instead of aiming at a large export surplus, the United States should concentrate on schemes similar to the Tennessee Valley Authority, to check the Mississippi floods, replant the dust belt, and carry out public works of every description on a vast scale. They would absorb all the productive energies of the United States for generations. The volume of exportable surplus would decline, and import requirements would increase.

In addition, an increase of the purchasing power of American consumers is advocated, with the aid of social security measures on the lines of those adopted in Britain. These proposals are, however, doomed to rejection. They flavor of New Deal, and the political pendulum seems to have swung decidedly anti-New Dealwise.

It seems, therefore, that, notwithstanding its unquestionable shortcomings, the building up of commodity reserves stands as the only suggestion which could largely reduce the size of the favorable balance. Admittedly, the United States could not amass commodity reserves forever. But by the time the saturation point is reached the progress of reconstruction would enable other countries to cut their American purchases, or to increase exports sufficiently to be able to continue to buy American goods on a large scale.

Investment of Excessive Surplus

There remains another question to be answered. To the extent to which the excessive surplus cannot be eliminated, in what form is it to be invested? As we said above, inter-government loans are a necessary evil. There is the possibility of buying up the best of industrial and transport companies abroad. But such a role would not be constructive. American capital would simply acquire what has been created by others, and even though American efficiency could effect improvements, on the whole the debtor countries would not stand to benefit to any large degree. When Britain had an export surplus it was not invested in readymade combines. Brit-

ish enterprise built railroads and industries, thereby increasing the national wealth of the debtor countries.

Surely, this is the solution which ought to be followed by the United States. Instead of buying up Courtaulds or Imperial Chemical Industries, American capital should aim at establishing new industries in Britain, and especially in British Colonies where there is an almost unlimited scope for American pioneering spirit and industrial organizing capacity. The investment of American capital in such a form would create additional capacity for the payment of dividends on investments.

Needless to say, neither this solution nor the establishment of commodity reserves could be effected overnight. There are at present no commodity surpluses available. And colonial development takes time. Meanwhile the surplus is bound to be large, and government loans, either direct or through the intermediary of the Bretton Woods institutions, are practically the only means for financing it.

These conflicting currents are bound to lead to a first rate crisis unless the foreign trade policy of the Administration and that of the Congress can be brought into harmony with each other.

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September 1947



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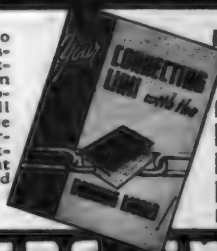
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News for Country Bankers

(CONTINUED FROM PAGE 54)

Hughes teachers, 4-H Clubs, Future Farmers, farm bureaus and allied farm organizations, and farmers.

The KBA has set aside \$60,000 for a three-year program to improve the state's farms.

Oklahoma Bank Opens Farm Service Department

"Livestockmen, farmers, land owners, ranchers, you are invited to get acquainted with our new service in agriculture and with Frazier O'Rear as agriculturist to head our newly created farm service department," said the Anadarko Bank and Trust Company of Anadarko, Oklahoma, in a newspaper advertisement illustrated with a photograph of Mr. O'Rear.

The ad explained that the new department is intended to help customers solve their problems, without obligation, and that it is equipped to give educational service on farm, home and livestock management.

Mr. O'Rear was reared on a farm, has farm management training, and is acquainted with the farm problems in Caddo County. He will be at the bank on Wednesdays and Saturdays to confer with farm customers. At other times he will visit farmers. He will help arrange and clerk farm sales for the bank.

Bank Publishes Farm Customer News

The first issue of the four-page illustrated *News For Farmers*, published by The First National Exchange Bank of Roanoke, Virginia, made its appearance in July. Between 10,000 and 15,000 copies of the *News* were distributed to the farm customers of the First National and of its correspondents.

The *News* carried articles by V. P. I. professors on credit, beef cattle prices and father and son farm partnerships, an editorial stressing savings, and news items on various subjects bearing on farm management, operations and marketing.

Production costs of the *News* amounted to about four cents a copy, including mailing. The expense was prorated between the First National and its correspondent banks. It plans to publish the *News* from two to four times each year.

(CONTINUED ON PAGE 129)

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32nd Annual F. A. A. Convention

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(CONTINUED FROM PAGE 127)

Research Started on Corn Drying Equipment

The first research project under the new Research and Marketing Act will be directed toward developing portable, corn drying equipment that is practicable for farm and community use to meet the problem of soft corn. Federal, state and private research agencies will cooperate in this project.

Wallace Ashby, of the Bureau of Plant Industry, Soils and Agricultural Engineering, has been designated to head the engineering phases of the project. After the initial research is completed, contracts will be let to private manufacturers for the construction of several models to determine by actual test the most practical types and sizes of machines to recommend for mass production, should a critical situation develop.

Flying Farmers Meet

More than 800 planes piloted by farmer moored at the University of Illinois airport for the flying farmers' fourstate field day early in August, according to *The Christian Science Monitor*.

"From alfalfa air strips on their home farms they came, young and middle-aged couples in their brightly-painted, two passenger personal aircraft, for a day or two of relaxation," said the *Monitor*.

"Most of the couples, who came here for the field days were as casual about mooring their craft to the tie-downs as their grandparents had been about hitching Nellie to a main street hitching ring, and they took off, when the fun was over, with equal informality.

"The meet had the air of a county fair, but instead of exhibits of stock there was a display of the newest model small planes, and instead of horse races there were demonstrations of helicopter flying, jet planes, and a cross-wind landing gear. The flying farmers never forgot, however, that they are first of all agriculturists. The display of farm machinery got much attention. . . .

"Flying farmers were interested in a portable bathroom and kitchen unit exhibited here. Set up in the field was the complete plumbing for both, manufactured right into the unit, all to sell for about \$650. . . ."

A Grain Man's Views

"The farmer doesn't mind going to the bank to borrow money to buy a farm, livestock, or machinery, but it

appears that he is not inclined to borrow money to pay for feed," said H. R. Teachout, credit manager, E. W. Bailey Company, Montpelier, Vermont, at the second Vermont Agricultural Credit Conference.

"Poultry farmers claim that feed equals 50 percent of the total cost of poultry production and dairy farmers spend anywhere from 33 percent or higher of their total income for feed costs," Mr. Teachout said. "If feed is such a large cost item, surely then, no farmer can logically expect a feed dealer to finance such farm operations for 60 days or more.

"We had two or three instances last year wherein we had sold the idea to the

farmer to go to the bank or credit company to pay up his past due account. After he had made his loan, we called the bank or credit company and found that it had loaned him without paying our account, because the farmer said he could take care of our bill. . . .

"We found other cases where banks would take 50 percent of the farmer's milk check to apply toward the reduction of real estate and chattel mortgages. . . . A good many grain dealers feel and honestly believe, that because they furnish grain to the farmer, which is directly responsible for his increased milk check, that they should be assured of repayment from the milk check. . . ."



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Some Capital Prospects

(CONTINUED FROM PAGE 27)

to something like 65 cents per hour. This proposal took a bow in the 1947 cast, but did not get a stellar part.

FDIC Legislation

In view of the fact that the Congress will be occupied with many controversial problems, the proposal to reduce bank assessments for Federal Deposit Insurance probably will be shelved next year. This prospect is further heightened by the opposition of Chairman Maple Harl of FDIC and others to considering this question until the \$289 million of Federal Reserve and government investment in that agency is fully repaid.

Under legislation sponsored by the Administration and supported by the American Bankers Association, that \$289 million will be repaid, in a period of some 18 months. Congress provided under this legislation that the government capital shall be repaid in such stages as not to reduce FDIC funds at any time below \$1 billion. The bill also increased the salaries of FDIC members to \$15,000 from \$10,000, in line with salaries in other bank supervisory agencies. The present assessment rate of one-twelfth of 1 percent probably will be reconsidered by Congress in 1949 or 1950, after the corporation's funds consist wholly of contributions from insured banks.

Cashing of Leave Bonds

Banks are again responding, as they did so often during the war, to the call of the Treasury to perform another service. They are in the process of cashing the Armed Service Leave Bonds of former enlisted men of the services. The same banks, savings and loan associations and other institutions that are authorized to cash U. S. Savings Bonds are authorized to cash the Armed Service Leave Bonds. Others desiring to cash them may apply for authority to do so from the Federal Reserve banks of the districts in which they are located.

There are several highlights of the regulations and announcements relating to the cashing of these bonds which officials desire to stress.

(1) The bonds are non-transferrable and are ineligible for collateral. Hence they must be cashed only for their owners. To identify properly the owner, the bank should see his discharge papers, accepting other identification only in unusual circumstances.

(2) It is noted that many "loan

sharks" have discounted these bonds for holders. Nevertheless, they can be cashed only for the owners and the money can be given only to those owners.

(3) Banks should attempt to explain to holders of these bonds that they are a very fine security, that they are as good as a savings account, and are worth holding until maturity.

(4) Holders should be advised that they do not have to cash these bonds, that they may be cashed at any time their owners desire to do so, and will be cashed as readily later as now.

(5) All banks which are now paying agents for U. S. Savings Bonds automatically are eligible to serve as paying agents on Armed Forces Leave Bonds.

Consumer Credit

Despite President Truman's fears that the ending of instalment credit controls November 1 would contribute to inflationary pressures, such fear is not widely felt outside of top government circles.

It was pointed out in one informed source which was typical that the total volume of consumer credit could rise to around \$19 billion before it would be equivalent to the 10 percent of income which was the prewar ratio of consumer credit to income.

As of June 30 the total outstanding was almost \$10.9 billion.

Despite the ending of the limitations it is not anticipated here that the total outstanding volume will rise by much more than \$2 billion per year, unless basic economic conditions change radically. As against a rise of around \$800 million for the first half of this calendar year, an increase of about \$2 billion for 1947 as a whole is expected in informed circles.

Thus an increase of about \$1.2 billion in outstanding consumer credit is

expected to be shown for the last six months of this year. This will be due as much to the increasing supply of durable goods as to the relaxation of the remaining consumer credit controls.

At the rate of upwards of \$2 billion per year, it will take nearly three years to reach the prewar ratio of consumer credit to income. Of course, most of the increase in the immediate future will be in instalment loans, since charge accounts and single payment accounts were decontrolled some months ago.

Even though technical opinion in this capital leans to the view that consumer credit will rise gradually rather than sharply, a very good impression was made by the American Bankers Association's suggestion to banks to be careful in extending instalment loans upon the termination of the limitations.

Some Optimism on Building

Officials also are cautiously optimistic about the prospects for home building. A generally lower price of building materials is forecast in some government quarters, but not a decrease of more than 10 percent by the opening of the building season next Spring.

While a rise in some items that go into a house may be anticipated as a result of the rise in steel prices which followed the successful coal wage agreement and the rise in the price of coal, it is not expected that these will be great enough to stave off a downward trend in the cost of home building materials over the next few months.

Delays in assembling homes, occasioned by shortages of building materials, are also expected to diminish over the next several months, with the greater supply of these materials. These will help to make it cheaper to build a house. A steadier flow of materials, as well as somewhat greater use of machinery, is expected to result in greater labor efficiency. Labor wage rates in the building industry, however, are not expected to decrease.

A. B. A. Special Committee on Savings Bond Redemption meeting at A. B. A. Washington Office, July 17-18: Left to right, Messrs. Moss, Sparks, Gibson, and Wilson, A. B. A. staff; Kennedy, Johnson, and Swezey





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High School Savings Bankers

AFTER lunch each day the secretarial practice class at Poughkeepsie (New York) High School goes to the Poughkeepsie Savings Bank to do the accounting and record-keeping for the city's school banking system.

This old Hudson Valley town has had school banking for 31 years. At the outset, the Mothers' Club of the Parent-Teacher Association handled the funds, but the task became so burdensome that volunteers from the high school's business department took over, working under supervision of the bank's representatives. Eventually this method also was outgrown and the prospective secretaries assumed the work.

In a comfortable room off the main floor the students spend two and a half hours at the machines and ledgers which the bank has placed at their disposal. Under the direction of a business teacher they perform the extensive routine incident to checking and entering the day's deposits of Poughkeepsie school children. There are about 3,000 active accounts, with an average weekly deposit of \$1,200.

Commenting on the advantages of the plan from the educational standpoint, Elbert H. Burington, a business education teacher at the high school, says:

"The student is working in a business institution where the atmosphere of the school room is left behind. This gives the job added significance in the eyes of the students and gives them the opportunity to observe first-hand what makes the wheels of a business institution run smoothly.

"The student is ready to step into a job upon completion of the course and graduation from high school. In fact, the president of the savings bank has thought so well of the training provided by the course that he has hired eight girls of the various groups, making a total of 11 former high school bankers now employed by the bank."

Frank L. Gardner, Sr., who was president of the bank when the plan started, made this comment:

"This method of accounting for the deposits of the Poughkeepsie school children seems to me to be ideal.

"The New York State Banking law provides for the establishment of school savings programs, and we are glad to cooperate."

The New York Department of Education has approved the project and gives academic credit for the "Banking Work Experience Course."

Secretarial practice students (seniors) from Poughkeepsie High School work on the records of the school banking system at the Poughkeepsie Savings Bank, under the supervision of bank employees



As of June 30, 1947

Among the banks in
the United States, this
bank ranked* 93rd in
amount of its deposits.



DEPOSITS

\$171,589,068.78

CAPITAL, SURPLUS AND UNDIVIDED PROFITS

\$15,130,209.62

* According to
The American Banker

Member Federal Deposit Insurance Corporation



Q: What does an eight ball do
when it stops rolling?

A: Looks round.

Cold statistics prove that a surprising number of sound business organizations spawn human "eight balls" who stop rolling for the company. They start "looking round" for a way to mulct their employers...and if you follow the newspapers...you know they succeed too well, too often.

Moral: Require commercial borrowers to carry ample amounts of "dishonesty insurance" on their officials and employees.

The F&D agent in your community will be glad to show you how this requirement will lessen your lending risks.

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Two Outlooks

(CONTINUED FROM PAGE 25)

type of economy succeed, which is readily understandable.

This conflict of motives has produced two entirely different sets of circumstances, two streams of events, one positive, the other negative, one plus, as far as business is concerned, the other minus. It has also had the unfortunate result of raising international politics to heights of goofiness never achieved before.

Plus. Certainly on the plus side, in addition to the program of the International Chamber just mentioned, are these:

(1) The fact that Western Europe has recovered more than is generally realized. According to figures compiled by the United Nations, France has now an overall production rate within 7 percent of the rate 10 years ago and has more than doubled this figure in the last two years. Belgium's rate is almost equal to 1937, having come up from a low of 35 percent in 1945. The figure for Norway is 123 percent of the 1937 rate and for Denmark 100 percent. Even in England, with coal production curtailed, the production of steel and electrical power is almost equal to 1937.

(2) The increasing realization that the ex-enemy countries must recover along with the rest of the world. In both Germany and Japan total production is still less than half what it was 10 years ago.

(3) Efforts of Western Europe to get together for a reconstruction effort in line with Secretary Marshall's timely suggestion. A committee, sponsored by the various governments, is now working on a balance sheet of resources and requirements and this should be ready within a month or so.

(4) President Truman's Committee of Nineteen, which is trying to determine just what this country has in productive capacity and wealth and how much of it is available for foreign aid. The committee is divided into these subcommittees: Capital and Durable Goods, Consumer Goods, Food Resources, Manpower, Minerals, Transportation, Economic and Financial Analysis, and Drafting.

Averill Harriman, Secretary of Commerce, who is directing the work of the committee, said that the study would cover basic materials, shortages and how production could be stimulated abroad to meet these shortages. The date when the report is expected to be completed is October 1.

(5) The conferences from time to time of Western Hemisphere nations, such as the current one in Brazil and the one planned for January in Colombia.

The list of things on the plus side could go on at great length because it would include all the countless moves that nations of the freer economies have made to restore true peace and stability to the world.

Minus. Underlying most items in the minus category is the fact that the war never ended. Here are other things on the wrong side of the ledger after two years of phony peace:

(1) The progress of totalitarian ideas in the face of resounding proof that a free economy is more productive. This is puzzling to people who do not realize how hard it is to sell the truth.

(2) The ease with which the Balkans, except Greece, were brought into the area of "big man" rule, the partition of Germany, the penetration of North and South China, the absorption of Poland, the Hungarian coup, the disbanding of the majority party in Rumania without any visible protest or fight, the seizure of the British-American owned Lobau

refinery near Vienna and many other steps taken with what seemed to be timetable precision. Even the government in England, under stress of economic crisis, has gained almost total control of capital and labor.

(3) The steady thrust of governments, as in Spain, Argentina and elsewhere, toward greater power over domestic and foreign trade. The fact that these unnatural brews of power, politics and business have never, throughout human history, produced anything but economic headaches, seems not to carry weight.

(4) The failure of the United Nations, under such circumstances, to achieve any semblance of influence in bringing about a dependable peace.

(5) The fact that western powers see no inconsistency in exerting themselves to keep Communism out of the Eastern Mediterranean and various other places while at the same time they create a perfect vacuum by moving out where Communism would like to move in. The spread of an anti-imperialist fashion has resulted in pressure on colonial powers to abdicate and abandon the work of many decades in building, stabilizing and unifying. Geographically this seems like a process of disintegration, breaking up large areas into smaller and smaller pieces, at a time when the trend should be the other way, logically, scientifically, and mechanically. The Communists may be puzzled by all this, but not for long.

While everyone of goodwill wishes the new countries success, the assumption that former "colonial" peoples under national leaders have freedom and enjoy it is at the bottom of a great many mistakes in judgment being made today with the best of intentions.

Also in the minus column must be placed all the countless obstacles put in the way of maximum economic progress by those who hope for a collapse of capitalism.

Make any kind of an inventory you will. It adds up to an impressive demonstration of the economic value of freedom—impressive save for one thing—we have found no effective way to tell the other world about it.

WILLIAM R. KUHN

Interest Rate Outlook

WHILE 53 percent of banker opinion in a recent survey made by the Credit Policy Commission of the American Bankers Association thought that there had been no appreciable change in the average interest rates on bank loans during the past six months, nevertheless a substantial number reported an increase. Approximately 14 percent said there had been an increase up to one-fourth of 1 percent, 26 percent an increase from one-fourth to one-half of 1 percent, and 5 percent an increase over one-half of 1 percent. The following table shows trend by Federal Reserve District during past six months on average interest rates on loans held by banks according to replies on a percentage basis:

	U. S.												
	Totals	1	2	3	4	5	6	7	8	9	10	11	12
<i>Increased</i>													
Over $\frac{1}{2}$ of 1%	5	8	0	7	5	8	4	5	12	5	0	7	3
Bet. $\frac{1}{4}$ and $\frac{1}{2}$ of 1%	20	24	45	43	24	38	34	18	31	37	10	7	13
Less than $\frac{1}{4}$ of 1%	14	24	10	14	19	12	8	12	13	16	24	13	10
No appreciable change	53	44	45	36	52	42	54	63	44	37	60	73	70
<i>Decreased</i>													
Less than $\frac{1}{4}$ of 1%	.8	0	0	0	0	0	0	0	0	5	3	0	0
Bet. $\frac{1}{4}$ and $\frac{1}{2}$ of 1%	.4	0	0	0	0	0	0	2	0	0	0	0	0
Over $\frac{1}{2}$ of 1%	.8	0	0	0	0	0	0	0	0	0	3	0	4
	100%	100	100	100	100	100	100	100	100	100	100	100	100

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